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WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 5, May 1985

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15 August 1985

USSR REPORT

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 5, May 1985

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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ENGLISH SUMMARIES OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5, May 85 (signed to press 12 Apr 85) pp 158-159

[Text] Appeal to Scientists of the World on the Occasion of the Fortieth Anniversary of Victory over Fascism

"Victory which Saved Civilization". The historical results of the great struggle of peoples against Nazi Germany and its allies frustrated the plans and expectations of the most reactionary forces of imperialism. The principal result was the brilliant victory of the Soviet Union in the Great Patriotic War which opened to the peoples new perspectives and brought about the world socialist system, accelerated the national-liberation movement, consolidated the forces of peace and social progress. The lessons of the gigantic struggle against fascism concern many aspects both of international relations and the internal development of different countries and peoples. This victory primarily bespeaks the gigantic potential of real socialism--material, moral and creative. It convincingly proved that socialism is the vehicle of everything progressive in the socio-economic, political, scientific-technical and spiritual spheres. Invincible and vital strength were demonstrated by Marxist-Leninist ideology and the unity of party and people. The article particularly stresses that the outcome of war warned to be no force in our historical epoch that would be able to overcome socialism. The conclusion to be drawn today is that a struggle against war should be waged before it breaks out. The CPSU and the Soviet state have arrived precisely at such a conclusion and are guided by it in their activities. Never before has so terrible a threat loomed so large and dark over mankind as now. The only reasonable way out of the existing situation is agreement between the confronting forces on an immediate termination of the arms race on earth and its prevention in space. The peaceful initiatives of the Soviet Union and other socialist countries open up real perspectives for detente and disarmament, preservation of peace and prevention of the disaster of a nuclear war. The Plenary Meeting of the CPSU Central Committee on March 11, 1985 once again confirmed that the strategic line outlined by the 26th Congress and the subsequent Plenary Meetings of the Central Committee has been and remains unchanged. It is a line of peace and progress.

A. Skryl'nik in the article "Leninist Party as Organizer and Inspirer of the Great Victory" says that the Communist Party by its multifaceted activity provided the firm unity of political, state and military leadership of the army and people

at the front and the rear. After the Hitler invasion the CPSU developed a political line which ensured the reconstruction of the country's life on a military basis in the shortest possible period of time. Every effort was exerted to achieve victory over the enemy, defend the freedom and independence of the country and render assistance to the peoples of Europe. All the advantages of the socialist economic system were used, such as centralized management of economy, its planned nature, public ownership of means of production and the labor enthusiasm of the masses. The Communist Party purposefully devoted much attention to the technical equipment of the armed forces, the perfection of their organizational structure and the stepping up of party and political work. The article also emphasizes that the moral and political unity of the Soviet society, the socialist ideology, reflecting the vital interests of the working class and all working people contributed to the victory. The great international liberating mission of the USSR consolidated the alliance between the Soviet people and the peoples of Central and South-East Europe. The author stresses that the communists of the USSR were indeed in the forefront of the most difficult and decisive battles as they are now after 40 years of victory over fascism.

The article by A. Svetlov "Warsaw Treaty on Guard of Peace and Security" deals with the Warsaw Treaty as a new type of organization whose activity is determined by Leninist principles of peaceful coexistence, proletarian socialist internationalism, equality, respect for the independence and sovereignty of states, non-interference in their internal affairs. The author stresses that the 30 years of the Warsaw Treaty are a history of a firm and successive struggle of the socialist states for preventing the nuclear threat, for arms limitation, lasting peace and reliable safety for all peoples. It was the Treaty members which have come out with the initiatives of paramount importance on the key directions of the struggle for peace as a result of which the relations among the European states have begun to acquire a stable and multifaceted character. The socialist community has the necessary potential to strengthen the position of socialism on the world arena and to enhance activities for the prevention of a nuclear war. The present situation of world tension requires a turn to a policy of realism and businesslike action in the solution of the tasks, facing the peoples of Europe and other countries. What is needed is serious and equal dialogue between states with different social systems, aimed at achievement of positive results. The Warsaw Treaty holds that the ending of the arms race and the transition to disarmament, first of all nuclear disarmament, is the fundamental issue of our time.

A. Babin in the article "Triumph of Soviet Military-Strategic Thinking" focuses on the role of the Great Patriotic War in the history of the Soviet state for which this war was a liberating and just one. Having inflicted a crushing defeat to Nazi Germany and its allies the Soviet people and their Armed Forces under the leadership of the Communist party defended the freedom and independence of the USSR and honorably fulfilled their patriotic and international duty. This is their greatest merit to humanity. The article persuasively shows that the Great Patriotic War displayed the superiority of the Soviet Armed Forces over the strongest army of the capitalist world and surpassed it in moral, political and combat training of the personnel and in military equipment. The article focuses attention on the high level and

creative nature of the Soviet science and art of war, the great talent of Soviet military leaders and notes that victory was a logical consequence, which revealed the advantages of socialism. The victory of the USSR meant the collapse of the ideology of nazism, chauvinism and exposed the social and national demagogue of the terroristic dictatorship of monopoly capital. At the same time it enhanced the prestige of the socialist state system and of Marxist-Leninist ideology. For 40 years the peoples of Europe have been living without war thanks to the peace-loving foreign policy of the USSR and other socialist countries. The article notes that the seekers of military adventures in the imperialist countries are demanding a revision of the results of the Second World War. But history warns the aggressor: socialism knows how to defend itself.

In the atmosphere of acute aggravation of international tension at the beginning of the 1980's which was brought about by the U.S. militarist circles and NATO the issues of strengthening of international security were placed on the agenda of world policy. Among the measures for the prevention of the threat of war the most urgent for humanity today is the curbing of nuclear armaments race. G. Vorontsov in his article "The USA, NATO and Conventional Weapons Race" considers the problem how to halt and reverse such race which often by its characteristics approximate mass destructive weapons. Citing rich factual data the author vividly shows the quantitative perfection and qualitative growth of conventional weapons today. The author stresses that the USA and NATO are responsible for race of such weapons through the employment of which in different wars in the period from 1960 to 1982 more than 10 million people were killed. The article exposes the U.S. attempt to involve their allies in development of ever new types of such weapons. Much space in the article is devoted to the Western concepts of employment of conventional weapons. Many political figures are aware of the danger of such plans. The article discloses the Soviet Union's stand on the issue of conventional weapons, its numerous initiatives and those of its allies at easing international tension and curbing the arms race and stresses that the only path in the world today is that of negotiations and peaceful coexistence. This is the path the Soviet Union and the countries of the socialist community follow.

Lenin's theory of imperialism is one of the greatest accomplishments of the social sciences, and outstanding advancement of Marxist thought. On the grounds of Marxist postulates Lenin's theory of imperialism has assessed the new evolutionary stage of capitalist mode of production in terms of the contemporary political economy. Since the emergence of this theory the whole world has considerably changed. The scope of changes involved the novelty in the cohesion between the monopoly capital and the bourgeois state, the mounting economic and political weight of the military industrial complex, the omnipotence of the transnational corporations within the framework of the world capitalist economy. On the other hand the coexistence of the two different social systems limits the sphere of the imperialist domination. The study of the role and importance of Lenin's theory of imperialism is a very complex task. L. Abalkin in the article "Lenin's Theory of Imperialism in the Light of Contemporary Realities" focuses on the primarily methodological aspects of this task. The author emphasizes the danger of the two points of view. The first, the absolute priority of the observed changes in the economic and political environment, leading to the predominant empiric description,

would ignore the process of the concentration of production and capital. The second approach is the disregard of the realities of the capitalist development. The author concludes his paper with the general comments on the role and significance of Lenin's theory of imperialism in the contemporary economic and political context.

Round-table conference on the topic "Latin America: Contradictions of the New Stage" concentrates its attention on the changes in the region which have taken place of late. Great attention is attached to the last cyclical crisis and its impact. It considers also the way these changes influence the internal situation, or to be more precise, the way the process of "transnationalization" and the economic crisis affect the social structures and class conflicts. Reference was made to the shifts in the composition of the anti-imperialist movement and the demands of the masses, the role of the traditional and new political organizations. The conference examines the new trends in the foreign-political sphere, the impact of socio-economic changes the development of the anti-imperialist movement and the revolutionary process the distribution of class forces. The round-table conference on the one hand considers the potential and limits of U.S. imperial dictate in new conditions and on the other the potential of "Latin-American" solidarity, in face of his dictate. The situation in Latin America is to be examined in connection with the changes in the distribution of forces on the global level.

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WARSAW PACT ANNIVERSARY ARTICLE ASSAILS U.S., NATO

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5,
(signed to press 12 Apr 85) pp 24-36

[Article by A. Svetlov: "The Warsaw Pact in the Service of Peace and Security"]

[Text] Two important anniversaries are next to each other in the 1985 calendar of world politics: the 40th anniversary of Victory Day, which was widely celebrated by the international public with gratitude to the Soviet people for their decisive contribution to the rout of German fascism, to the liberation of Europe from Hitler's tyranny, and to the salvation of world civilization; and the 30th anniversary of the founding of the Warsaw Pact Organization, the fraternal defense alliance of the socialist community.

There is an indissoluble internal connection between these events, which had an immense influence on the entire course of international development in Europe and in the world as a whole. Victory brought long-awaited peace, and the defense alliance of socialism protects it reliably and faithfully.

The peoples of the countries of socialism have drawn from the experience of the war years lessons of paramount importance, and to be specific, the need for constant alertness in the face of the aggressive ambitions of international imperialism and for readiness every day for a collective, united and resolute repulse of any aggression. This was embodied in the found of the Warsaw Pact Organization, which assumed the responsible mission of the defense of the historical achievements of socialism. For 3 decades the alliance of fraternal countries has stood guard over the socialist states as an indestructible fortress, guaranteeing peace for their peoples.

The past 3 decades will enter as glorious pages into the annals of the socialist community's foreign policy. These decades have been full of coordinated actions for averting the threat of nuclear war, against the arms race unleashed by the forces of militarism and reaction, and for consolidation of universal peace and international security.

From the distance of the last 3 decades, the results of this activity are visible in full scale: thanks to the united and resolute actions of the fraternal countries, the main success in the basic strategic direction of their foreign

policy has been achieved--that is, favorable and peaceful conditions for their peoples' constructive work have been ensured. In spite of its malice toward and hatred of socialism, imperialism, armed to the teeth, has not dared lay even a finger, as they say, on any country of this combat alliance.

For 40 years the peoples of Europe have lived without war. This is the longest peaceful period in the entire history of a continent where military conflicts have followed one after another in endless succession, taking a toll of innumerable victims and destruction among all living things. This is a convincing victory for socialism, a victory gained with weapons in hand, but without their use, and with an incredible strain of spiritual and economic forces, and it is the visible results of effective counteraction to the forces of militarism and reaction.

I

When the last salvos of war had died down and the smoke of battle had cleared, the peoples of Europe, worn down by the dark years of war, set their hopes on the coming of a peaceful and quiet life. One might have expected that the antifascist alliance which functioned during the war years would open the way to an era of widescale international cooperation. As far as the Soviet Union was concerned, it sincerely strove to consolidate and develop its good relations with Western states, the foundations of which were laid during the course of the war.

However, it was not peace that came, but a surrogate peace which acquired the name of "cold war." It led to the split of Europe into hostile military-political alliances, to the breaking off of normal relations between many states, and for a long time it poisoned their relations. The sinister off spring of the "cold war" was the arms race, the fantastic growth in the production of the most refined types of weapons of mass destruction. The remarkable achievements of human genius were directed not toward the good but toward the harm of people.

The initiator of the splitting of Europe and of the arms race was the United States, which renounced the wartime agreements. Setting its hopes on nuclear weapons, the monopoly of which it held in the early postwar years, the United States laid open claim to world leadership. "Soon the Russians will be put in their place, and then the United States will acquire leadership in ruling the world, and will rule it in the way it should be ruled." U.S. President H. Truman said. Being in a state of atomic intoxication, American politicians did not then make a particular secret of the fact that they might use nuclear weapons. And who knows, perhaps they might have done so if their monopoly of these weapons had not turned out to be short-lived and they had not had to take into the account the factor of crushing retribution in retaliation.

Conducting a provocative and aggressive policy toward the USSR and its allies, the United States decided to use against them the combined might of the capitalist world. To this end, in April 1949 the NATO military-political bloc was formed, which in the first years of its existence set about building

up and perfecting its military machine. In violation of the Potsdam Agreements, West Germany, in which revanchist passions were seething, was attached to this bloc. The countries of socialism were surrounded by a tight ring of military bases, and other military-political groupings were being knocked together near its borders. In other words, signs of a military threat were again looming on the international horizon.

In the difficult conditions which had arisen, the Soviet Union, in conjunction with other countries, made active efforts to prevent the splitting of Europe, to curb the arms race, and to create a system of collective security in Europe. But all these efforts were in vain.

The fraternal countries of socialism were forced to form their own defense alliance for collective protection. On 14 May 1955 in the capital of People's Poland, the socialist countries of Europe signed the Treaty of Friendship, Cooperation and Mutual Assistance which entered the history of international relations as the Warsaw Pact. It is profoundly symbolic that it was given its name by heroic and much-suffering Warsaw, which had risen out of the ruins and destruction caused by World War II.

The formation of the Warsaw Pact Organization signified a qualitatively new stage in the development of mutual relations between the countries of socialism. A firm foundation was laid for their collective cooperation in such important spheres as foreign policy and defense. The fraternal countries opposed the forces of imperialist aggression with their unity and combined might. The first military-political alliance of genuinely equal, free and sovereign friendly states in world history arose. It is based on the community of political and economic systems of member-countries, unity of Marxist-Leninist ideology, and the humane goals of the struggle for peace, socialism, and communism.

The Warsaw Pact Organization is an association of a completely new type. Its activity is determined by the Leninist principles of proletarian and socialist internationalism, equal rights, respect for the independence and sovereignty of states, and noninterference in their internal affairs. It is an alliance in the name of peace and is of a purely defensive measures of participant countries have the aim of "defending the peaceful labor of their peoples, guaranteeing the inviolability of their borders and territories, and ensuring protection from possible aggression."1 The pact demands of all member-states, and of each state individually, that they stand firm in a position of promotion of the cause of strengthening universal peace and security. It is possible to assert with certainty that the history of mankind has known no other defense alliance with such noble goals and tasks. Therein lies the Warsaw Pact's fundamental difference from military coalitions of the past, and also from the alliances and blocs which now tie capitalist states together.

The entire 30-year history of this organization confirms that its activity is imbued with the ideas of peace and of preventing nuclear war.

Lenin's behests on the unity and consolidation of the economic and military efforts of peoples who have set out along the road of socialism, for protection from encroachments on their achievements, were embodied in the formation of the Warsaw Pact. V.I. Lenin stressed that in order to ensure the triumph of the cause of socialism, "a close military and economic alliance is absolutely necessary, for otherwise the capitalists... will suppress and strangle us one by one." He pointed out the necessity of all possible strengthening of such an alliance and of maintaining its monolithic unity. "Facing the enormous front of the imperialist states, we, fighters against imperialism, are an alliance which requires the closest military unity," V.I. Lenin wrote, "and we regard any attempt to violate that unity as a completely inadmissible phenomenon and as a betrayal of the interests of the struggle against international imperialism... We say: The unity of armed forces is necessary, and deviation from this unity is inadmissible".²

Joint protection from the encroachments of imperialism has become the sacred duty of each of the countries of the fraternal alliance. The entire experience of the cooperation of the fraternal countries within its framework attests to the fact that the ever strengthening unity and close cohesion of the participants will serve both the national interests of each country, and the vital interests of the entire socialist community and the cause of peace all over the world.

The 30-year history of the Warsaw Pact is the history of the persistent and consistent struggle of the socialist countries to avert the nuclear threat, to limit and reduce arms, and to bring about a stable peace and reliable security for all peoples. Its activity was and is of a profoundly internationalist nature and fully corresponds to the interests and aspirations of peoples struggling for peace, freedom, democracy, and social progress. Thanks to the active combined actions of the socialist countries it has been possible to foil more than one aggressive sally by imperialism. The political actions of socialism paralyze the forces of militarism and reaction and limit the opportunities for imperialism to realize its expansionist designs.

It is precisely the Warsaw Pact Organization that has invariably made the most important initiatives of a principled nature in the key areas of the struggle for peace. Many large-scale actions proposed by its Political Consultative Committee, the main organ of the fraternal alliance, have been at the center of world politics. It is sufficient to name such of its initiatives as the convocation of the CSCE, which laid the ground for the all-European process and which opened the way toward the Stockholm Conference on Confidence-Building Measures, Security and Disarmament in Europe.

The conference of the Political Consultative Committee held in January 1983 in Prague approved actions on the central problems of international relations and gave full-scale confirmation of the fraternal countries' steadfast determination to continue the peaceful offensive and the struggle to implement the Leninist ideas of peaceful coexistence.

An important new stage in the perfecting of their comprehensive interaction and cooperation was the summit meeting of representatives of the Warsaw Pact member-states which was held in Moscow on 13 March 1985. The meeting confirmed the member-states' striving, consistently and in a constructive spirit, to achieve a reduction of tension in the world, elimination of the threat of nuclear war, the adoption of effective measures in the sphere of disarmament, primarily nuclear, and the prevention of militarization of outer space. It was noted that the strengthening of the fraternal countries' unity and cohesion and the intensification of coordination of their actions in the international arena acquire particular importance in the conditions of the difficult world situation.

The exchange of opinions confirmed the united approach to the topical questions under discussion and served the further development and perfecting of comprehensive ties between fraternal countries and also their close interaction in the political, economic, ideological, defense, and other spheres. At the session of 21 March 1985, the CPSU Central Committee Politburo stressed that the socialist community possesses the necessary potential to strengthen still further the positions of socialism in the world arena and to intensify actions directed toward preventing nuclear war. The Warsaw Pact Organization, the reliable instrument for ensuring peace, will play an important role in this matter in the future, too.

At the meeting in Moscow, the will of the CPSU and the Soviet state was expressed to continue to take care of fraternal friendship with our allies, to strengthen it in every way possible, and to give priority to the countries of socialism in foreign political affairs. "The first commandment of the party and state," M.S. Gorbachev stressed, "is to take care of and to strengthen in every way possible fraternal friendship with our nearest comrades-in-arms and allies, the countries of the great socialist community. We will do everything we must do to widen cooperation with the socialist states and to increase the role and influence of socialism in world affairs."

II

A year ago the NATO military-political bloc celebrated its 30th anniversary. In connection with this Washington was not sparing of hypocritical and pompous statements about the purely "defensive" nature of NATO, about the alleged "Soviet threat" hanging over the countries of Western Europe, and about the "democracy" supposedly ruling in the bloc. They in Washington forgot to say in this connection that all these years its leaders had cherished unrealizable hopes of the forcible suppression of socialism. However, the immense military machine, its mechanisms clanking, was forced to turn over at idling speed. For its owners did not dare to let it go into action, fearing that they would break their heads on the defensive shield forced by the combined efforts of the Warsaw Pact countries.

In knocking together NATO and other aggressive groupings such as SEATO and CENTO, the American bloc-builders set themselves the goal of not only "containing" world socialism, but also "rolling it back". The formation of NATO was the most important element in Washington's global strategy, which is aimed at the

establishment of American hegemony in the world. Life confirmed in full the accuracy of the assessment of the North Atlantic Treaty given in the statement of 29 January 1949 by the USSR Ministry of Foreign Affairs which stresses that the goals of the new military bloc being formed are closely connected with plans to establish Anglo-American world domination under the aegis of the United States. The Soviet Government warned the states being drawn into NATO that the bloc's organizers would deprive them of the opportunity of conducting independent national domestic and foreign policies and would use them as auxiliaries in the implementation of their own plans. By manipulating the deliberately false thesis of "the threat from the East", and under the pretext of "Atlantic solidarity", the United States bound its allies fast to its militarist plans as if to a galley. Washington regarded them as mercenaries [German term "landsknechts" used] obliged not only to supply the manpower and weapons of war, but also to make their territories available for far-reaching adventures.

This was particularly clearly apparent in the United States' persistent imposition on some NATO countries of new, extremely dangerous nuclear missile weaponry, cruise missiles, and Pershing II missiles. What is being counted on is that, having created a nuclear bridgehead on the European continent powerful enough for the unleashing of aggression against the world of socialism, the United States can limit the conflict to the territory of Europe, while itself avoiding a retaliatory strike or, if the worst comes to the worst, substantially weakening it. Hence the conclusion that the more Western Europe is filled up with nuclear missile weaponry, the better the United States' chances of "surviving" and "gaining victory". By permitting the siting of first-strike weapons on the territory of their countries "out of a feeling of Atlantic solidarity", the governments of the West European countries are essentially sacrificing their own security and turning their territories into both launch-pads for American missiles and targets for retaliatory strikes.

The appearance of the new U.S. nuclear missile weaponry in Europe has given rise to a critical and tense situation which some commentators of West European newspapers have characterized by the known expression "5 minutes to midnight." And one owner of a travel agency in New York even called on tourists: "Visit Europe before it's too late". However cynical this "humor" may be, it is impossible not to see the reflection of a harsh truth in it. With the siting of American nuclear missile weaponry, the security of the European peoples is becoming extremely fragile and highly vulnerable.

But the United States does not merely intend to sit out a possible nuclear conflict behind its allies' backs; it is placing upon them the burden of colossal expenses, trying to weaken them as economic competitors in every way possible. From day to day, American propaganda beats the idea of the total militarization of this part of the continent into the consciousness of the West European with the monotony of a steam hammer.

Such methodical and mass pressure produces results: The curve of expenditure on the arms race in the West European countries is constantly creeping upwards. For example, in 1971 this expenditure covered 25 percent of NATO's total

military expenditure, while in 1982 it was already almost half (44 percent) of the total. They now spend almost as much as their partner across the ocean--over \$30 billion per annum--on conventional weapons. The West European NATO members account for 90 percent of the bloc's ground forces, 80 percent of its combat aircraft, and 80 percent of its tanks, and their naval forces make up 70 percent of the warships in Europe.

As early as 1978 Washington imposed on its allies the harsh obligation of annually increasing their military budgets by 3 percent (taking inflation into account). Since then the Pentagon has been following the fulfillment of this obligation with the thoroughness of a true accountant. Let their economies fall apart, their social programs turn to dust, and the crowds of the unemployed grow, but, so Washington considers, they must have the 3 percent there and then regardless of cost. Heaven forbid that any NATO member should fail to deliver even one mark, one franc, or one gulden of their obligation to the military coffers. The poor prime minister will be showered with a hail of reproaches that he is "undermining Atlantic solidarity" and placing under threat its opportunity of "tasting the fruits of blessed freedom". When reproaches have no effect, sergeantmajor-like shouts ring out, Washington's envoys--specialists in twisting arms--fly out to these countries, and mighty waves of the most feverish militarist propaganda roll over them. The matter comes to open blackmail. The story of Senator Nunn's resolution which was staged by American propaganda may serve as an example. Nunn demanded that part of the American troops should be withdrawn from Western Europe "as a sign of retribution" for the fact that the Europeans were laying their money on the altar of militarization too unwillingly.

The United States also regards the NATO countries as extremely important and profitable markets for the sale of its military products. In this sphere the West Europeans cannot compete with the United States, which has excelled in stepping up the arms race and has become skilled in the production of the most contemporary and refined weapons. Washington allocates three to four times more than its NATO allies together to scientific research and experimental design work on new types of weapons. The correlation in the arms trade between the United States and Western Europe--8:1--is reminiscent of the score in a match between two unequal teams. There is thus a process of pumping funds from the military budgets of the NATO member-countries into the safes of American arms-producing companies.

The arms race is having a devastating effect on the economies of the West European countries; it swallows up immense resources, both material and intellectual, and leads to the growth of unemployment, which is enormous even without it, and to the breakup of social programs. To use the words of F. Engels, "militarism is ruling over Europe and devouring it".³ That is how they are trying to achieve the goal desired by American business, which is the reduction in Western Europe's role as an economic competitor.

In this light it becomes clear why the United States occupies a position of open negativism when there is talk of limiting the arms race and reducing military expenditures. The military programs imposed by Washington on its NATO allies follow one another in endless succession. The year 1983 was the

year of the deployment of new U.S. nuclear missile weaponry in Western Europe, and in 1984 the so-called "Rogers Plan" was adopted which envisages the reequipping of NATO's armed forces with new conventional weapons and weapon systems. The specific nature of these new weapons and systems lies in the fact that in their strike effect [porazhayushchaya sila] they approach the destructive power of weapons of mass destruction and are of a clearly offensive nature, since they are intended for the inflicting of strikes deep inside the territories of the Warsaw Pact countries. Thus the arms race being carried on by the NATO countries covers all parallels and meridians.

As is becoming increasingly obvious, the current year will be the year of Washington's imposition on its NATO partners of participation in the militarization of outer space. At the session of the bloc's Nuclear Planning Group held in March 1985, Washington demanded of its allies that they officially support the dangerous program of preparations for "Star Wars" proposed by R. Reagan, and that they even take part in its practical implementation. This was done in a crude and insulting form typical of Washington. C. Weinberger, U.S. secretary of defense, sent a letter to the other NATO countries in which he demanded in an ultimatum-like way that they resolve within 60 days the question of their participation in the development of Reagan's "Strategic Defense Initiative"--that is, of plans for space adventurism.

The American General B. Rogers, supreme commander of the combined armed forces of NATO in Europe, stated in a speech made in March 1985 to the Senate Armed Services Committee: "The 36th year of NATO's existence is coming to an end. This is the most successful movement for the protection of peace in all history. It is an alliance, the purpose of which is to hold back war." However, whatever pompous compliments are made to NATO, it is impossible to conceal the bloc's aggressive orientation.

During its existence the North Atlantic alliance has shown itself to be an aggressive military-political bloc directed against world socialism and the national liberation movement, the main instrument of the establishment of U.S. hegemony in Western Europe. Its activity has invariably served as the source of international tension and crises.

NATO faces the world as the instrument of upsetting the regional and global military-strategic balance and represents the main potential source of the outbreak of nuclear war and of the exacerbation of the arms race in its particularly dangerous areas.

In December 1984 the winter sessions of the leading NATO organs and of the Committee of Foreign Ministers of the Warsaw Pact Organization almost coincided in time. But how the decisions taken by these organs contrast with each other! Whereas NATO discussed the approved decisions directed toward exacerbating the arms race, the Committee of Foreign Ministers of the Warsaw Pact examined further measures directed toward healing the international atmosphere in Europe and the world, halting the arms race, and developing peaceful cooperation between states with different social systems.

III

For centuries the historical canvas of Europe seemed to be made up of military conflicts. Each new conflict was many times greater than the previous one in its destructive consequences and number of victims. At present, a conflict involving the use of nuclear weapons would mean the end of civilization on the European continent altogether, and not only there.

Postwar Europe has known periods of the growth and reduction of tension, harmony and hostility, but never before in its history was the level of military-political confrontation and of nuclear armed confrontation so high and dangerous as it is in our time. For this reason problems of European security invariably occupy a leading position in the struggle of the Warsaw Pact countries to prevent nuclear war and to strengthen peace. The deep concern of the socialist states for security in Europe runs through all the documents of the Warsaw Pact as a constant thread.

The Political Declaration of the Prague conference of the Political Consultative Committee (January 1983) stressed: "The most important component of the task of eliminating the danger of war and of consolidating universal peace is the strengthening of security in Europe. This is determined primarily by the fact that an enormous number of weapons, both nuclear and conventional, are concentrated on the European continent, and that the armed forces of the two military alliances occupy positions directly adjoining one another." The countries of the socialist community consider that no chance should be missed and no possibility should be left unused when what is involved is removing and averting the danger of a catastrophe for Europe and the world as a whole. Proceeding from their principled policy, the Warsaw Pact states come out in favor of strict observation in the relations between European states of the principles of respect for independence and national sovereignty, the inviolability of borders and territorial integrity, noninterference in internal affairs, nonuse of force or the threat of force, and the peaceful resolution of all controversial questions through negotiation.

The efforts of the Warsaw Pact countries over many years led to the signing of treaties and agreements which determined the territorial and political reality of modern Europe, and to the convocation of the first Conference on Security and Cooperation in Europe in history, which laid the foundations for the development of relations of good-neighborliness and cooperation between European states. The countries of Europe became convinced through their own experience of the advantages brought by detente, which created favorable preconditions for the strengthening of peace and security and opened up promising prospects for peaceful coexistence. The relations between the European states began to acquire a stable, multifaceted character.

However, as a result of the militarist efforts of the United States and other NATO countries directed toward upsetting the military balance between the Warsaw Pact Organization and NATO, and between the USSR and the United States, at the beginning of the eighties the detente process was not simply frozen but turned back. The more nuclear missile and conventional weapons that

appeared, the higher the level of military-political confrontation on the continent became and the more dangerous the states' nuclear confrontation became. With the appearance of the American cruise missiles and Pershings a new phase in the arms race began, serious harm was done to European security, and political trust, established with such difficulty, was undermined.

States which have accepted the new American nuclear missile weaponry bear a grave responsibility for this before their peoples and before the peoples of all countries of Europe. But the government of the FRG bears a particular responsibility. Twice in this century Germany has become the source of world conflagrations which have caused mankind unnumerable victims and destruction. One would have thought that the lessons of the past should have become firmly set in the memory of those Bonn figures who supported the American plans to site new nuclear weapons in Europe. However, historical experience has been consigned to oblivion. Forgotten, too, is the testament of their compatriot, Field Marshal Paulus, who was captured at Stalingrad, and who, at the end of his life, never tired of repeating: "The Germans should not fight any more. A third world war should not start on the territory of Germany." However, at the present time this very country has been transformed into an enormous American arsenal of weapons of mass destruction--from nuclear to chemical--aimed at the socialist states.

Held on a leash by Washington, Bonn offers the latter all possible support in implementing its militarist programs and plans. Pentagon strategists had not yet managed to finally crystallize their plans for the militarization of outer space when Bonn announced right away its support for them and its readiness to take part "in research work."

The FRG has become the most militarized country in NATO. The Bundeswehr has no equal among the armies of the NATO states (except, naturally, the United States) in number of personnel (about half a million soldiers and officers) and in its offensive potential. Situated in the FRG are the largest contingent of U.S. armed forces in Europe (about 260,000 servicemen) and the greatest number of American military bases on the continent. Finally, the FRG is the only refuge on European land of the first-strike Pershing-II missiles.

Moreover, West German militarism is stretching out its hands toward strategic weapons. It has already acquired the right to arm itself with long-range missiles and strategic bombers. Earlier, the ban on ownership by the FRG of submarines and large-tonnage warships was lifted. The Bundeswehr is armed with Tornado multi-role aircraft which are capable of fulfilling strategic tasks, too.

The growth of militarism in the FRG is a sort of fertile environment for revanchist and neofascist forces, which are intensifying their activity, propagandizing slogans about a "united Germany", and calling for the restoration of the German Reich to its prewar borders. And this is going on with the clear connivance and even participation of the official authorities.

The countries of the socialist community oppose the course of militarization with a policy of strengthening security and cooperation in Europe and of the principles of universal peace. The Warsaw Pact states consider that it is possible to change the dangerous course of events in Europe and the world. "For this," it was stated in the communique of the session of the Committee of Foreign Ministers of Warsaw Pact member-states, held on 3 and 4 December 1984 in Berlin, "a shift toward a policy of realism and businesslike interaction in the solving of the tasks facing the peoples of Europe and other continents is needed. A serious and equal dialogue between states with different social systems is necessary, as are negotiations in which the sides recognize the great responsibility incumbent upon them and strive to achieve positive results."

Europe, and indeed the whole world, are faced with the most acute problems, which require solution without delay. The countries of socialism proceed from the fact that it is necessary to remove the nuclear threat, and to restore and continue the process of detente. This will permit peoples to live in conditions of trust, good-neighborliness, and mutually advantageous cooperation. The situation in Europe and in the world as a whole calls for large practical steps commensurate with the scale of the tasks mentioned.

Guided by these considerations, the fraternal socialist countries have advanced a realistic program, whose adoption would promote the strengthening of security in Europe and the averting of the threat of nuclear war, and would open the way toward a reduction of armaments and toward disarmament.

Measures in the sphere of disarmament, actions of a political and international-legal nature, and also measures to strengthen trust, are organically combined with each other in this program. It concludes the following important proposals.

In the sphere of disarmament:

The halting of the stockpiling of new nuclear weapons on the European continent, and radical reduction of them down to the total liberation of Europe from both medium-range and tactical nuclear weapons;

the creation of nuclear-free zones in Europe: in the Balkans, in the north of Europe, and in other regions;

the liberation of Europe from chemical weapons, and primarily non-deployment of these weapons where they do not already exist;

the non-increasing and reduction of the military expenditures of Warsaw Pact states and NATO member-countries;

the mutual reduction of armed forces and weapons in Central Europe.

Relating to the actions of a political and international-legal nature proposed by the Warsaw Pact states are the following proposals:

The undertaking by nuclear states of an obligation of no first use of nuclear weapons, as has been done unilaterally by the Soviet Union;

The conclusion of a Treaty on Non-Use of Force and Maintaining Relations of Peace Between Member-States of the Warsaw Pact and the North Atlantic Alliance.

In the sphere of measures to strengthen trust, the socialist countries are making proposals for limitation of the scale of military exercises and for advance notification of large military exercises of ground forces and air and naval forces, and of large troop movements and transfers, and also for the exchange of observers to be present at large military exercises. Taking into account the useful experience of the implementation of the measures to promote trust envisaged by the corresponding clauses of the Helsinki Final Act, the countries of socialism consider it important to develop measures of a more significant nature and of wider scope.

The countries of the socialist community introduced their plan to ensure European security and strengthen trust in Europe at the Stockholm Conference on Confidence-Building Measures and Security and Disarmament in Europe. In point of fact, the decision on its convocation was the first major agreement reached in recent years since international development left the road of detente and started along the dangerous path of military confrontation as a result of the militarist policy of the United States and NATO.

A.A. Gromyko, member of the CPSU Central Committee Politburo, first deputy chairman of the USSR Council of Ministers, and USSR minister of foreign affairs, said at the opening of the Stockholm Conference: "The peoples of Europe expect from the Stockholm Conference decisions, the implementation of which would be capable of changing events for the better. We advocate that the implementation of agreements--if we manage to reach them--should not become a dead letter."

The tension and acuteness of the situation in Europe predetermine the necessity of taking weighty and effective decisions at the Stockholm Conference. For this reason, there should be talk not only of the restoration of the trust that has been undermined, but also of the adoption of measures which would remove the threat of nuclear conflict and promote the general improvement of the political climate on the continent. This is the only reasonable way, if, of course, a substantial contribution to the cause of European security is to be seriously expected from the conference.

The United States and their NATO partners are striving to avoid making such decisions and to limit the discussion within the framework of purely technical questions, which would allow them to continue the build-up of their military potential in Europe, and to deploy ever new types of arms, including nuclear arms, here. Instead of questions of limiting military activity, curbing the arms race, and renunciation of the use of force, they are interested only in "transparency", that is, the acquisition by legal means of information of an intelligence nature on the armed forces of Warsaw Pact countries.

The Soviet Union and the other socialist states have no lack of good will or of genuine desire to achieve progress in Stockholm. And if the West makes its contribution to the joint search for constructive solutions, the way to strengthening trust between the states of Europe will lie open. Constructive dialogue is necessary in the interests of the security of the European peoples.

IV

Even in the hardest and most dangerous years, the best minds of Europe believed that reason would prevail over folly. Otherwise peace as one of mankind's greatest blessings would simply continue to be an enticing but unattainable dream, like the "blue bird" in M. Maeterlinck's well-known tale.

The pivotal area of the constructive foreign policy activity of the Warsaw Pact countries is the resolute struggle to halt the arms race and for disarmament. "The member-states of the Warsaw Pact," notes the communique of the session of the Committee of Foreign Ministers of these countries, held on 3 and 4 December 1984 in Berlin, "consider that the fundamental question of our time is the halting of the arms race and the shift to disarmament, primarily nuclear."

During its entire thirty-year existence the Warsaw Pact Organization has waged an exceptionally intensive and large-scale struggle in this most important area. Its energetic and consistent efforts have resulted in moving the disarmament problems to one of the primary places on the agenda of international life. Precisely the socialist states have played the leading role in proposing and developing the initiatives that, despite the stubborn resistance of the Western militarist and reactionary forces, have led to the conclusion of a number of accords and agreements that have slowed down the arms race to a certain extent in some of its aspects. These agreements have strikingly demonstrated the possibility for coordinated and purposeful actions of states with different social systems in the sphere of disarmament.

The U.S. militarist course, aimed at achieving military superiority over socialism, has resulted in a situation where, at the beginning of the eighties, negotiations have been wrecked in some areas or have nearly died out in other areas. Moreover, the Pentagon has started its undermining work against the agreements in effect, using the most ignoble pretexts for this purpose.

How many times already have the U.S. ruling circles developed an unprecedented arms race in their chase after the chimera of military superiority. The arms race has now assumed a truly total character because military developments are taking place virtually in all possible areas that are opening up as a result of the high rates of scientific-technical progress.

Naturally, all this has had the most negative consequences for the development of international relations. It was believed for a long time that the increase in weapons is more a consequence than a cause of world tension. But the scale of the contemporary military preparations is such that they themselves become a generating force of tension by promoting the spreading of the arms race to ever new spheres and drawing into its orbit more and more states.

The struggle waged by the socialist countries for ending the increase in weapons and reducing them and for disarmament is now essentially entering a new stage. It is being developed in an exceptionally acute and difficult international situation marked by an increased level of tension when militarism is engaged in the attempts at undermining detente and throwing mankind back to the period of "cold war" and it is sabotaging every step toward a normalization and stabilization of existing positions.

In these conditions the Warsaw Pact countries have proposed a realistic program of constructive actions to curb the arms race and move toward disarmament. This program includes such highly important proposals as those for achieving an agreement between the major military powers on ending all increase of their armed forces and weapons, on the quantitative and qualitative freezing of nuclear weapons, on the conclusion of a Treaty on Complete and General Ending of Nuclear Weapons Tests, on not permitting the militarization of outer space, on banning chemical, neutron, and radiological weapons, and the like.

In proposing this program, the Warsaw Pact countries proceed from the fact that at the present time the peoples have no more important task than that of preserving peace and ending the arms race. It is the duty of all governments and all statesmen, determining the policies of their countries, to solve this task. The dialogue on a whole series of disarmament problems has been successfully revived recently as a result of a persistent political and diplomatic struggle, increasingly supported by the antiwar movements, and as result of the persistent, consistent, and constructive policy of the countries of the socialist community. The Soviet-American negotiations on nuclear and space weapons have opened in Geneva. An entire complex of most important problems has been placed on the agenda for the first time in the history of disarmament negotiations: the banning of the militarization of outer space and the limitation and reduction of strategic and medium-range nuclear weapons. All these problems will not be considered separately but as mutually interconnected problems. It is impossible to overrate the importance of the Geneva dialogue: if it develops favorably and if both sides show realism and good will, this dialogue may grant mankind the historic chance to free itself from nuclear weapons, let alone also have a beneficial effect on the entire world situation.

The Soviet Union approaches the Geneva negotiations with that high degree of responsibility which they rightfully deserve. The Soviet Union has emphasized at the most authoritative level its firm intention to conduct these negotiations constructively in the spirit of good will and with the goal in mind to achieve honest accords. "The USSR's approach to these negotiations is well known," M.S. Gorbachev has pointed out. "I can only confirm once again: We do not aspire to achieve any unilateral advantages over the United States and over the NATO countries or to achieve military superiority over them; we want an end and not a continuation of the arms race and for this reason we propose the freezing of nuclear arsenals and the ending of further deployment of missiles; we want a real and large reduction of accumulated weapons and not the construction of ever new weapons systems either in outer space or on earth."

Unfortunately, the opening stage of the negotiations is taking place under the accompaniment of a militarist psychosis in the United States. The highest representatives of the American Administration are declaring that the gigantic programs of increasing weapons will be continued because otherwise, if you please, as President R. Reagan has said, "we will knock the legs from under the table of negotiations." Washington does not want even to hear anything about discarding the plans for the militarization of outer space which are calculated to achieve military superiority over the socialist countries. These plans are most dangerous regardless of any "defensive" wrappers in which they may be presented. Their implementation would open up the sluices for a further continuation of the arms race in all of its aspects, undermine international security, and overturn the most important agreements on the reduction of the arms race.

American propaganda has developed an extraordinarily active campaign of advertising the "Star Wars" program. However, despite this, there are few who are willing to bend to American pressure. For instance, at the Munich seminar on military questions, R. Perle, U.S. assistant secretary of defense, zealously tried to persuade the United States' NATO allies to refrain from preventing the realization of that program. But, as the American NEWSWEEK magazine reported on 23 February 1985, "the delegates listened very attentively; however, those who have turned to the American faith could be comfortably accommodated on the back seat of a NATO jeep."

Mountains of obstacles and difficulties had to be overcome on the path to the opening of the Geneva and Stockholm negotiations. We recall how the R. Reagan administration, having come to power, rejected outright any idea of negotiations aimed at the limitation and reduction of arms and delayed the time of negotiations under all kinds of pretexts. In particular, the so-called "linkage concept" ["kontseptsiya uvyazki"] was fashionable at that time among the opponents of disarmament. They made their consent to any negotiations on arms reduction conditional upon the "good behavior" of the socialist countries in the international arena. R. Reagan said in his interview given to the journal FORTUNE on 6 September 1981 that disarmament negotiations should not be limited to the limitation of arms but should deal with the "behavior and activities of the Russians in the world." At one time this "linkage" was a clamorous slogan and a propaganda bluff. Washington grabbed it as a lifesaver to avoid negotiations. Now they have not brought themselves to resort to this "linkage" as though they have forgotten it.

Everyone who follows the course of international affairs cannot but notice the astonishing transformation that has occurred literally before our eyes in statements on disarmament problems by leading U.S. figures and some of their NATO allies. They appear as though transformed from "hawks" into "doves," and if one is to take their words seriously, then there are no more loyal adherents of the cause of disarmament in the world than they.

Having set in motion the military production assembly lines at their full capacity, the militarist forces are compelled to resort to an intensified propaganda maneuvering. It is not for the fun of it that the leading figures of the United States and other NATO countries have to speak at times several

times in one day and to embark on long voyages of exhortations for increased military efforts.

The coordinated actions of the countries of socialist community and their constructive initiatives have exposed the predatory aggressive essence of militarism. The peace-loving and profoundly humane policy of the countries of the Warsaw Pact Organization has become an immense mobilizing factor that unites hundreds of millions of people of all continents in the struggle to prevent a nuclear war and end the arms race. Lord F. Noel-Baker, well known political figure of Great Britain, on whose initiative the "Campaign for World Disarmament" movement had been founded in that country has said that in the 70 years of his political activity he has never before seen such a truly all-people's participation in the struggle for the preservation of peace and ending of the arms race. This is essentially the new political reality in Europe. It attests to a progressive evolution taking place in the public awareness under the impact of the peace-loving policy of socialism.

The peoples of its member-states observe the glorious 30th anniversary of the Warsaw Pact with the feeling of a well fulfilled duty in the cause of ensuring general peace.

The opportunities for preserving peace through collective actions of peace-loving states have considerably increased in our period. The economic potential of the countries of socialism has significantly increased in recent years and their combined defense might has significantly grown. The foreign political authority of socialism has been even further strengthened and this authority has become the main supporting base of peace and progress on earth. Enormous political and social forces, allying themselves with the world of socialism against militarism and reaction, have been set in motion.

The growing might and cohesion of the countries of socialist community reliably serve the vital interests of mankind and the cause of general peace and social progress. Loyal to the principles of socialist internationalism, our party will continue to do everything also in future to broaden the interaction between the fraternal countries and to consolidate their positions in international affairs.

FOOTNOTES

1. "The Warsaw Pact Organization. Documents and Materials, 1955 to 1980", Moscow, 1980, p 8.
2. V.I. Lenin, "Complete Works", vol 40, pp 46, 98-99.
3. K. Marx and F. Engels: "Works", vol 20, p 175.

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SUPERIORITY OF SOVIET MILITARY THOUGHT IN WWII DEMONSTRATED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5,
May 85 (signed to press 12 Apr 85) pp 37-48

[Article by A. Babin: "Triumph of Soviet Military-Strategic Thought"]

[Text] The Great Patriotic War occupies a special place in the history of the Soviet state. It was a battle of unprecedented scale and bitterness against the most reactionary force of imperialism--Hitler fascism--which had set as its goal the extermination of the world's first socialist state and the establishment of world domination. "For the Soviet Union," the CPSU Central Committee decree "Fortieth Anniversary of the Soviet People's Victory in the 1941-1945 Great Patriotic War" says, "this was a just war of liberation. Inflicting a devastating defeat on the enemy, the Soviet people and their armed forces under the leadership of the Communist Party defended the freedom and independence of the socialist motherland and the cause of October. They made the decisive contribution to the victory over fascist Germany and its allies, the liberation of the peoples of Europe from fascist slavery and the salvation of world civilization and performed their patriotic and international duty with honor. This was their very great service to mankind."

In the bitter confrontation with Hitler's Wehrmacht victory was won by the Soviet Armed Forces and our military science and military art. The main enemy forces and means of warfare were destroyed on the Soviet-German front: more than 73 percent of the personnel of the fascist army and three-fourths of the enemy's tanks, artillery pieces and aircraft.* Many of the strategic, front and army operations have entered the treasure house of world military art. Their success was the result of the brilliant leadership of the armed forces and the triumph of Soviet military-strategic thought.

I

The very outset of the Great Patriotic War showed the strong aspects of Soviet military art. In the particularly difficult first days and weeks of the war the Soviet Army, retreating under the onslaught of superior enemy forces, simultaneously inflicted constant counterstrikes and imposed on him enervating battles. Even the Hitler command was forced to acknowledge that

* "History of WWII 1939-1945," vol 12, Moscow, 1982, p 35.

nowhere previously had it encountered such bitter resistance. Gen F. Halder, chief of the German Army General Staff, wrote at that time in his diary: "The Russians' stubborn resistance is forcing us to fight in accordance with all the rules of our field manuals. In Poland and the West we were able to permit ourselves certain liberties and departures from the prescribed principles; this is now no longer permissible."* In order to continue the offensive the German command had to commit reserves to the fighting on all axes and undertake a regrouping of forces.

Under the conditions the Supreme High Command Staff (GHQ) adopted the decision at the end of June on the transition to strategic defense the length of the Soviet-German front along the line of the old fortified areas along the 1939 state border. As a result of the heroic operations of our forces the fascists' advance in the direction of Leningrad came to a standstill for almost a month. The enemy, who was hurtling toward Smolensk, was held up 3 days at the Berezina River. The enemy took almost a week surmounting the Berezina and Dnepr interfluve. The fascist forces did not succeed in taking Kiev at a rush. In July 1941 even Soviet forces' defense had begun to assume a comparatively stable nature. Counterstrikes and offensive operations in individual decisive areas were employed increasingly extensively. The average daily tempo of the Wehrmacht's advance on Soviet soil subsided. Thus Plan Barbarossa, in accordance with which the Soviet Army's main forces were to have been smashed by this time, broke down. The Soviet Army's counterstrikes proved so strong that Hitler was forced on 30 July 1941--for the first time in the almost 2-year period of WWII--to sign a directive on a switch to the defensive on the main, Moscow, axis.

Nonetheless, the first 5 months of the war proved the most difficult for the Soviet Union. The Hitlerites had occupied the Baltic area, Belorussia, Moldavia, almost all of the Ukraine, a number of oblasts of the RSFSR and part of the Karelian-Finnish Republic. However, the plans of the fascist command to break through to the Caucasus, capture the Soviet Arctic region and take possession of Leningrad and Moscow failed completely.

In the course of defensive engagements the Soviet Armed Forces inflicted tremendous losses on the enemy, which were almost three times greater than fascist Germany's total losses in all preceding campaigns: in Poland, in West and Northwest Europe and in the Balkans. By the end of 1941 a situation had been created which enabled GHQ to advance the task of wresting the strategic initiative from the enemy in the course of a counteroffensive and smashing his strike groupings. The preparation for this was carried out under the complex conditions of bitter fighting on the tactical approaches to Moscow. Nonetheless, the formation and bringing up of 10 reserve armies was carried out very quickly and at the same time in concealment from the enemy. GHQ adopted a decision on the creation of new armies at the start of November, and in the latter half thereof they had begun to take up their concentration areas.

* F. Halder, "War Diary," vol 3, bk I, Moscow, 1971, p 60.

It should be considered that the Soviet forces had at that time 1.4 times less artillery and 1.6 times less personnel and tanks than the enemy. In this situation GHQ adopted measures to create a preponderance in forces and resources in the narrow sectors of a breakthrough in the zones of the armies' main assaults. It was planned launching them in the course of defensive battles--suddenly and nonstop.

The Soviet command's high military art was displayed most strikingly in determination of the moment of the switch to the counteroffensive. As Marshal of the Soviet Union G.K. Zhukov recalls, even "at the end of November it was felt that in terms of the nature of the operations and the strength of the assaults of all groupings of German forces the enemy was played out and no longer had either the forces or the resources for conducting offensive operations."* And when the enemy had ceased his ferocious attacks, but had not yet switched to the defensive and had not "gotten into the mood" for defensive operations, the Soviet command reckoned that the most favorable moment for a counteroffensive had arrived. GHQ also took into consideration our forces' morale. The personnel was full of high aggressive enthusiasm and was burning with a desire to smash the enemy.

The counteroffensive began on 5 December 1941, and on 13 December the Sovinformburo reported news of the fascists' defeat at Moscow. This news stunned the whole world. A. Eden, foreign secretary of Great Britain, who was in Moscow, decided to see the Soviet forces' successes for himself. He and the correspondents of British newspapers accompanying him visited liberated Klin. En route thereto and in the city itself they were startled by the quantity of combat equipment which had been destroyed and captured from the enemy. "This is truly a magnificent feat. What more can be said?" Eden declared.

The defeat at Moscow forced Hitler to urgently revise his plan of conducting the war and on 8 December to sign Directive 39 on the German armed forces' switch to the defensive the length of the Soviet-German front. And in the order of 16 December Hitler demanded that "the positions held be defended with fanatical stubbornness." However, the power of Soviet forces' assaults was such that the Wehrmacht had no choice other than to retreat.

The victory at Moscow was the Soviet Army's first major success and Hitler Germany's first major defeat in WWII. The fascist forces were thrown back in different sectors 150-400 kilometers. Fifty enemy divisions were smashed. The ground forces alone lost 832,500 men.** Thus the myth of the invincibility of the Nazi aggressor was dispelled and his Blitzkrieg strategy in the war against the USSR collapsed.

Bourgeois historiography, as a rule, distorts the events connected with the Moscow battle. The version concerning the "huge numerical superiority" of the Soviet forces, which was put forward by fascist propaganda, and also the

* G.K. Zhukov, "Recollections and Reflections," vol 2, Moscow, 1983, p 219.

** "History of WWII 1939-1945," vol 4, Moscow, 1975, p 323.

inventions concerning "General Winter," who allegedly forced back the fascists from the walls of Moscow, are ever-present in the books of the majority of bourgeois historians. All the more valuable are the sober evaluations of the facts on the part of individual Western authors. Thus the British historians G. Jukes and J. Erickson acknowledge that the outcome of the Moscow battle was conditioned by the operations of "capable Soviet commanders" and "the inexorable, like death itself," Soviet soldiers.*

II

The high level of Soviet military-strategic thought was displayed convincingly in the course of the battle of Stalingrad, which was unparalleled in world history. It unfolded on the territory of an area of over 100,000 square kilometers in a zone up to 800 kilometers wide. The incessant bloody battles lasted 6½ months--from 17 June 1942 through 2 February 1943.

The victory at Stalingrad was the greatest exploit of the Soviet people and their fighters. In grim defensive fighting, which lasted until 19 November 1942, the Soviet forces wore out the enemy and emasculated him. The approaches to Stalingrad were strewn with the shells of smashed and burned German tanks and covered with the corpses of fascist soldiers and officers. The enemy lost approximately 700,000 men killed and wounded, over 2,000 guns and mortars, more than 1,000 tanks and assault guns and over 1,400 combat and transport aircraft.

Heavy defensive fighting was still under way and the Hitler command was preparing a decisive assault on Stalingrad when the idea of a counteroffensive arose in GHQ. On 13 September 1942 the fundamental decision to launch a powerful retaliatory assault at Stalingrad was adopted. We would note in this connection that Hitler's Operation Order No 1 of 14 October 1942 asserted that "in the course of the recent fighting the Russians have been seriously weakened and will not be able in the winter of 1942-1943 to dispose of the large forces which they had last winter."**

The preparation for the counteroffensive lasted 2 months and pursued the purpose of cardinally changing the military situation in the south and creating the conditions for a fundamental change in the armed struggle in favor of the Soviet Union. First of all a plan of a strategic offensive operation was drawn up whose assignment included the smashing of the main enemy grouping (up to 40 divisions) on the Stalingrad-Rostov axis with the subsequent isolation of the enemy forces in the North Caucasus.*** The work on the formulation of the plan required the creative efforts of a large number of commanders, the decisive role, however, belonged to GHQ and the General Staff. Marshal of the Soviet Union G.K. Zhukov wrote in his memoirs: "The service of GHQ and the General Staff is that they proved capable of analyzing with scientific precision all factors of this far-reaching operation and were able to foresee the course of its development and culmination."**** The preparation of the counteroffensive

* See G. Jukes, "The Defense of Moscow," New York, 1970, pp 77-78. J. Erickson, "The Road to Stalingrad," London, 1975, p 221.

** "History of WWII 1939-1945," vol 6, Moscow, 1976, p 37.

*** Ibid., p 27.

**** G.K. Zhukov, "Recollections and Reflections," vol 2, Moscow, 1983, p 295.

began under conditions where superiority the length of the Stalingrad axis remained on the side of the enemy. However, the strategic position of Hitler's forces favored bilateral envelopment, encirclement and the extermination of their main forces at Stalingrad. The fascist grouping was deployed in a huge arc with the salient at the city, it lacked large-scale tactical reserves and the flanks were weak. The enemy's offensive opportunities had been exhausted; his lines of communication stretched many hundreds of kilometers and were being subjected to strikes by Soviet aviation and the partisans.

The counteroffensive at Stalingrad was planned as a single strategic offensive operation of three fronts in a zone of over 400 kilometers. The Soviet command succeeded in keeping the entire preparatory work secret, despite the fact that large-scale measures were conducted to reinforce the fronts with personnel and military equipment, effect interfront regroupings and bring up materiel. The fascist command was ignorant as to the time and power of the Soviet Army's assault on the Stalingrad axis.*

The proposition that the Soviet forces had huge numerical superiority upon the switch to the counteroffensive at Stalingrad is widespread in Western literature. In reality, by the time of the counteroffensive the correlation in troop strength was approximately equal, and our overall superiority in forces and resources was negligible. However, on the main axes it was double and triple even; but this is another issue--a question of the art of the secret concentration of forces and resources in the breakthrough sector, which was solved brilliantly by GHQ and the command of the fronts. Overwhelming superiority on the main axes ensured the devastating power of the first assaults on the enemy's defenses and subsequently the rapid development of the operation.

The enemy's total losses on the Stalingrad axis in the time of the Soviet forces' offensive from 19 November 1942 through 2 February 1943 constituted over 800,000 men, and in the entire period of the battle up to 1.5 million soldiers and officers, that is, one-fourth of his total forces then operating on the Soviet-German front.** The encirclement and smashing of the 300,000-plus enemy grouping was a triumph of Soviet military art and an indicator of the maturity of the strategic leadership and the high level of the Soviet forces' combat skill, courage and stanchness. This operation of the Soviet Armed Forces is rightly called the "Cannae of the 20th century".

The Soviet Army's outstanding victory at Stalingrad initiated a fundamental turning point in the course of the Great Patriotic War and all of WWII. The strategic initiative passed to the Soviet command. The military power of Hitler Germany had been seriously undermined. The entire edifice of the fascist bloc had been shaken.

Naive, at least, are the assertions of bourgeois historiography that Hitler alone was to blame for the defeat of the fascist Wehrmacht at Stalingrad. The American

* See "History of WWII 1939-1945," vol 6, p 43.

** Ibid., p 81.

author D. Parham writes, for example, that the battle for Stalingrad arose merely at "the whim of Hitler," who felt an "almost mystical attraction" for Stalingrad and attempted precisely here "to achieve decisive results" and hereby "strike at Stalin's prestige."* In reality this was not the case. Not only Hitler but also the entire leadership of fascist Germany understood the role and strategic significance of Stalingrad.

The Hitler command was destined to pay for the overestimation of its potential and for the flagrant disregard for such a powerful adversary as was the Soviet Army. The miscalculation not of Hitler alone but of the entire German-fascist leadership was reflected and the adventurousness of the strategy of fascist Germany was displayed.

Bourgeois historians attempt to prove that the Wehrmacht incurred defeat at the battle of Stalingrad because it had been "let down" by the Romanian, Italian and other allies. Thus, according to the French historian M. Mourin, a most important factor which prevented the Wehrmacht's success at Stalingrad was the "unreliability" of Germany's "satellite armies".** Similar positions are held by many other bourgeois authors.

The vulnerability of the flanks of the Wehrmacht's Stalingrad grouping came about in reality not as a consequence of the comparative weakness of the Romanian and Italian forces but primarily as a result of the German-fascist command's underestimation of the forces of the Soviet Army. When the Hitler command came to recognize the weakness of the flanks of its grouping at Stalingrad, it was no longer in a position to do anything in any way appreciable to reinforce them, lacking strategic reserves. Everything that could have been transferred at Stalingrad from the West and other sectors of the Soviet-German front was transferred.

III

The superiority of Soviet military-strategic thought was manifested strikingly in the summer-fall engagements of 1943. On this occasion also the Nazi rulers proved to be in the grip of their inclination to overestimate their own forces and possibilities and underestimate the enemy. In the spring of 1943 they concluded that Germany had perfectly sufficient material and human resources for a new large-scale offensive--in the area of the Kursk Bulge.

At the start of April the Hitler command elaborated the operation which came to be called "Citadel". According to its calculations, it was to have restored to fascist Germany the strategic initiative, strengthened its prestige in the eyes of the allies, which had been shaken markedly following the defeat at Stalingrad, and served to raise the morale of the German population and the Wehrmacht itself.

* D. Parham, "Battle for Stalingrad" (STRATEGY AND TACTICS, March-April 1980, p 26).

** M. Mourin, "Reddition sans conditions," Paris, 1973, p 20.

In turn, immediately following the completion of the 1942-1943 winter campaign, GHQ embarked on the formulation of the plan of military operations for the summer of 1943. It was initially proposed developing a powerful offensive on a broad front. However, it soon became known from intelligence that the enemy was preparing a large-scale summer offensive in the Kursk Bulge area. It had to be decided what form of combat operations to choose under the current conditions. The collective efforts of the State Defense Committee, GHQ, the General Staff and the military councils of the fronts and armies answered this question.

As early as 8 April 1943 G.K. Zhukov expounded to the Supreme Commander in Chief his opinion concerning the possible nature of the Soviet Army's operations. He wrote: "Our forces' switch to the offensive in the next few days for the purpose of forestalling the enemy I consider unadvisable. It will be better if we wear out the enemy against our defenses, knock out his tanks and then, committing fresh reserves, with the switch to a general offensive finally polish off the enemy's main grouping."*

A.M. Vasilevskiy observed in his memoirs that I.V. Stalin did not express his opinion right away but gave the order for the opinion of the fronts on this question to be elicited, instructing the General Staff to prepare a special meeting to discuss the plan of the 1943 summer offensive.** The meeting took place on 12 April 1943. It was decided preliminarily here to render the enemy lifeless in defensive engagements at lines prepared in advance and subsequently to switch to a counteroffensive and complete the rout of the enemy assault groupings. The counteroffensive was to develop into a general offensive on a vast front with the main assault being launched on the same southwest axis.

GHQ adopted the final decision on the premeditated defense at the start of June 1943. If the enemy did not undertake active operations in the immediate future, the Soviet command contemplated a switch to the offensive first. Thus the defense of the Soviet forces was not forced but provided for and planned in advance. The boldness of Soviet military-theoretical thought was displayed here.

The Soviet command not only divined the plans of the enemy but knew the time of the start of his forces' offensive. For this reason the Hitlerites were unsuccessful in catching the defensive formations unawares. In addition, at dawn on 5 July, before the German formations had switched to the offensive, fire was trained on them by our artillery. This disorganized the enemy's entire system of fire and disrupted troop control in the tactical zone. Twelve June was the day of the conclusive frustration of the German offensive against Kursk from the south. Having emasculated the enemy, the Soviet forces themselves switched to a counteroffensive, in the course of which they smashed strong groupings thereof in the area of Orel and Kharkov.

* G.K. Zhukov, "Recollections and Reflections," vol 3, p 15.

** See A.M. Vasilevskiy, "Life's Work," Moscow, 1975, p 332.

The Wehrmacht's offensive strategy collapsed conclusively in the Kursk battle. The Soviet command held on to the strategic initiative gained at Stalingrad and did not let it slip through the end of the war. The Wehrmacht's defeat at Kursk confronted its forces and Hitler Germany as a whole with catastrophe.

Soviet forces' victory at the Kursk Bulge exerted a big influence on the subsequent course of WWII. As a result of the smashing of significant Wehrmacht forces favorable conditions were created for the landing of Anglo-American forces in Italy at the start of July 1943 and its withdrawal from the war on the side of fascist Germany. The collapse of the fascist coalition was thereby accelerated. The successes scored by the Soviet Army raised to a new level the struggle of the peoples of the occupied countries against the fascist occupiers.

Reactionary historians in the West have exerted much effort to distort the events of the Kursk battle. Many of them accentuate attention to Hitler's "short-sightedness" and "mistakes" in preparing the engagement. Thus the American T. (Ueyler) asserts that an earlier start to the offensive would have secured for the Hitlerites the success of Operation Citadel. A thorough analysis of the sides' correlation of forces and possibilities on the Soviet-German front in the first half of 1943 shows that there could have been no question even of any "decisive offensive" by the German-fascist forces in the Kursk Bulge in the spring. In order to concentrate on the Kursk axis the necessary quantity of armored equipment the Hitlerite command had to send east almost all the tanks manufactured in the first half of 1943. And if the fascist forces were unable to achieve success in the summer after such thorough preparations, their offensive would undoubtedly have been doomed to failure in the spring.

The works of bourgeois historians permit many other such assertions also. They are characterized by an exaggeration of the difficulties for the fascist forces caused by the state of the weather and the particular features of the theater. Bourgeois authors completely ignore here, as a rule, the fact that the Soviet troops were fighting under the same conditions under which the enemy operated.

IV

Following the Kursk battle, the Soviet Army's general offensive developed on a gigantic front. The fascist forces were forced to quit the Left-Bank Ukraine, the Donbass and the central areas of the country, but hoped, however, to hold their ground on the Dnepr, declaring this line the "eastern rampart". "The Dnepr will sooner flow backward than the Russians cross it," Hitler declared at that time.* However, the Hitlerites' "eastern rampart" crumbled in September 1943 even. The hopes of the leaders of fascist Germany of waging a prolonged positional defensive war were overturned in the battle for the Dnepr, which lasted through the end of 1943.

* "The Soviet Union's Great Patriotic War 1941-1945. Brief History," Moscow, 1970, pp 259-260.

A fundamental turning point in the course of the war was completed and consolidated in the mighty battles at Kursk and on the Dnepr. Its main content was the irreversible change in the military-strategic situation and the correlation of forces in favor of the Soviet Union. The fate of the fascist Wehrmacht was conclusively predetermined--through the very end of the war it was forced only to defend itself. At the same time, on the other hand, the Soviet forces' victories forced our then allies to speed up the preparations for and the opening of a second front.

Taking as a basis the successes that had been scored at the front and in the development of the economy, the Communist Party set the Soviet Armed forces for 1944 new, more far-reaching assignments. In particular, in the course of the winter-spring offensive it was envisaged forcing the enemy's defenses on virtually the entire front, smashing his biggest groupings, purging Soviet soil of the fascist aggressors and restoring the USSR's state border.

GHQ's plans were implemented successfully. The winter of 1944 was marked by the performance of a number of front operations, including the Korsun-Shevchenko operation, in the course of which our forces surrounded and wiped out up to 10 enemy divisions. In the winter-spring campaign the Soviet Armed Forces smashed the strategic enemy groupings operating on the southwest axis, defeated the "North" and "Center" army groups and initiated the restoration of the USSR's state borders and the shift of combat operations beyond the Soviet Union.

The successful performance of the assignment for liberating Right-Bank Ukraine was possible thanks to the skill of the Soviet command in achieving the surprise nature of the offensive and the use of its forces and resources. A decisive concentration of armored forces was employed, which imparted a mobile and swift nature to the operation and ensured the high pace of the offensive. The Soviet forces had opportunities to penetrate the enemy's defense in depth, surround and wipe out the enemy bit by bit and achieve major strategic results.

An important factor of the achievement of success in the 1944 winter-spring offensive was the timely commitment to the fighting of strategic reserves on the main axes. Furthermore, as distinct from preceding campaigns, strategic reserves were restored not thanks to the formation of new formations but chiefly by way of the withdrawal to the GHQ Reserve of troops from active fronts to bring them up to strength. The Soviet command also skillfully resolved such a question as the delivery to the front of freight under the conditions of the spring time of bad roads.

In the course of the winter-spring offensive GHQ paid great attention to the drawing up of plans of the military operations in the summer of 1944. At a joint session of the All-Russian Communist Party (Bolsheviks) Central Committee Politburo and GHQ at the end of April 1944 the decision was made to conduct a number of consecutive and interconnected offensive operations. It was planned to launch the main assault on the western axis of the Soviet-German front.

With regard for the proposals of the front military councils by the end of May the General Staff had completed, in the main, the planning of a series of operations from Karelia to the Carpathians. At that same time GHQ outlined the order in which they were to be conducted. General of the Army S.M. Shtemenko writes: "The summer campaign had now been drawn in detail in the following sequence. It was opened at the start of June by the Leningrad front's offensive against Vyborg. It was then joined by the Karelian front for the purpose of smashing the enemy's Svirsko-Petrozavodsk grouping. Hitler Germany's Finnish partner was to have dropped out of the struggle as a result of these operations. The departure of the Karelian front was followed immediately by operations in Belorussia based on surprise. Then, when the Hitler command understood that it was here that decisive events were taking place and moved up its reserves from the south, the crushing offensive of the 1st Ukrainian front on the Lvov axis was to be developed. The smashing of the enemy's Belorussian and Lvov groupings constituted the content of the Soviet Armed Forces' main assault in the summer campaign of 1944."*

Consequently, under conditions where there were still insufficient forces and resources for a simultaneous offensive the length of the Soviet-German front it was planned to rout the enemy by way of consecutive offensive operations on all the strategic axes. It was envisaged here, as I.V. Stalin pointed out, that "at the end of June and in the course of July the offensive operations would become a general offensive of the Soviet forces."**

In organizing the summer campaign of 1944 GHQ was again able to confuse the enemy. Believing that an offensive would begin in the south, the Hitler command concentrated large-scale forces here. Having detected the enemy grouping, GHQ resolved to launch the main assault in the central sectors of the Soviet-German front in order to smash the "Center" and "Northern Ukraine" army groups, which had been defending themselves in Belorussia and the western oblasts of the Ukraine. GHQ also stipulated that when the Hitler command concluded that it was in Belorussia that the Soviet Army would launch the main assault and moved up its reserves here, the forces of the 1st Ukrainian front would launch a powerful assault on the Lvov axis and that then an offensive on the other strategic axes would begin.

The superiority of Soviet military-strategic thought was also displayed particularly strikingly in this period in the performance of the biggest strategic regrouping of forces in the history of war. The headquarters of 8 all-arms and 2 tank armies and 1 air army, 76 rifle and cavalry divisions and 13 tank and mechanized, 11 air and 2 cavalry corps were regrouped over a considerable distance in a relatively short time.*** As a result the Soviet command was able to concentrate powerful groupings of its forces on the most important axes.

* S.M. Shtemenko, "The General Staff in the War Years," Moscow, 1981, book I, p 300.

** "History of WWII 1939-1945," vol 9, Moscow, 1978, p 20.

*** Ibid.

The high military art of the Soviet High Command was also displayed in determination of the methods of breaching the enemy's defense and developing the offensive. The secondary (passive) sectors of the front were weakened, and overwhelming superiority in forces and resources was created on the axes of the main assaults. Thus in the sector in Belorussia GHQ concentrated in 37 percent of the total length of the line of the front more than 51 percent of the personnel, 53 percent of the guns and mortars, 58.3 percent of the tanks and assault guns and more than 56 percent of the aircraft.* Strong mobile groups were earmarked to develop the offensive. Dummy concentrations of large masses of troops were carried out in May in the south (Yassy) and in the Baltic area to confuse the enemy.

The victory in the Belorussian operation (23 July-29 August 1944) was testimony to the high level of Soviet military art. The breach of the enemy's defenses in many sectors, the encirclement and destruction of large-scale groupings thereof (40,000 soldiers and officers in the area of Bobruysk, 10,500 in the area of Minsk), the swift pursuit of the enemy, the crossing without pause of numerous water obstacles, the maneuvers of large-scale mobile formations and the control of huge masses of troops and the coordination of their operations--such are the best examples thereof. The success of the Belorussian operation was achieved largely thanks to the troops' close interaction with the partisans, the great exploit of the workers of the rear and Soviet fighters' mass heroism.

The Lvov-Sandomir, Yassko-Kishinev and other strategic offensive operations, which followed almost without pause and developed directly from one into another, put the fascist Wehrmacht in a grim position. The enemy did not have time to restore the front of his defense. As a result Soviet forces advanced to a depth of up to 600-1,100 kilometers.

In terms of its dimensions and military-political results the summer-fall offensive of 1944 was one of the Soviet Army's most outstanding achievements in the Great Patriotic War. In the course of the offensive it smashed all the enemy's strategic groupings, restored the USSR's borders and embarked on the direct accomplishment of the historic mission--liberation of the peoples of East and Southeast Europe from the Hitlerite occupiers. Romania and Bulgaria and a substantial part of Poland, Czechoslovakia, Hungary, Yugoslavia and Norway were liberated and Finland was taken out of the war. The front had closed right up to the borders of Germany and in East Prussia had crossed them.

By its victorious offensive the Soviet Army frustrated the attempts of the German-fascist command to stabilize the front and contributed to the landing of the American-British forces in France and the allies' offensive operations in the Pacific.

The far-reaching successes of the Soviet forces gained on the battlefields in the summer and fall of 1944 startled the whole world and raised even more the Soviet Union's authority in the international arena.

* "History of WWII 1939-1945," p 505.

Despite the huge losses incurred by the Wehrmacht in 1944, its combat might remained high. By the start of 1945 it numbered up to 9.42 million men. But the fascist ruling clique understood that the war had already been lost and aspired merely to avoid capitulation. Everything was done on its part to drag out the war, split the anti-Hitler coalition and then conclude a separate peace with the Western powers. Proceeding from this, the Hitler command concentrated the main forces on the Soviet-German front--3.7 million men. On the Western front, on the other hand, it had 1.8 million. The remaining forces were in Norway, Denmark, the Balkans and in the reserve. In the course of subsequent military operations the majority of them were transferred to repel the Soviet Army's offensive.*

The Soviet Armed Forces were given the assignment in a single campaign of completing the rout of the Wehrmacht and forcing Germany's unconditional surrender. The main assault was planned in the central sector of the front--the Berlin strategic axis--for the purpose of smashing significant enemy forces, completing the liberation of Poland and reaching Berlin, whose capture was of tremendous military-political significance.

Twenty January was set as the start of the Soviet forces' offensive. However, in connection with the fascist forces' counteroffensive on the Western front the American-British forces found themselves in a difficult position. W. Churchill requested that I.V. Stalin render assistance with operations on the Soviet-German front. Meeting the allies half-way, GHQ shifted the start of the Soviet forces' offensive from 20 to 12 January.

The Soviet Armed Forces successfully conducted operations in East Prussia, Pomerania, Silesia and south of Budapest, as a result of which the defense of the Hitlerite forces finally collapsed and Germany lost its last ally--Hungary. The Hitler Reich stood on the eve of final collapse. However, up to the very last days of the war it remained a strong and dangerous enemy. Thus in the spring of 1945 the fascist command had concentrated on the Berlin axis a powerful grouping which numbered 1 million men, 10,400 guns and mortars, 1,500 tanks and assault guns and 3,300 combat aircraft. More than 200 Volkssturm battalions had been formed in Berlin itself, while the total strength of the garrison was over 200,000 men. Deeply echeloned defenses had been prepared in the city and at the approaches thereto.

The Berlin operation was characterized by exceptionally bitter battles. But the high skill of the Soviet commanders and military leaders and the courage and heroism of the fighters predetermined the outcome of the battle. Soviet troops smashed the enemy divisions, took approximately 480,000 soldiers and officers prisoner and captured as spoils of war up to 11,000 guns and mortars, more than 1,500 tanks and assault guns and 4,500 aircraft.**

* "History of WWII 1939-1945," vol 10, Moscow, 1979, pp 35-37, 244.

** Ibid., pp 315, 344.

Thus a very big enemy grouping was smashed in the course of the fighting for Berlin. The battle for Berlin crowned the great victory over the fascist aggressors.

The art of leadership of strategic operations on the part of GHQ was displayed most strikingly in the 1945 campaign. It was distinguished by precise planning, thoroughness of preparation of the offensive, comprehensive logistical support for the troops and the creation of the most favorable conditions for achieving success. In the course of the offensive GHQ opportunely specified the fronts' assignments depending on changes in the situation, continuously replenished all their needs, reinforced them with reserves, undertook the regrouping of forces from secondary to main axes and coordinated operations between strategic groupings and the fronts.

As distinct from past campaigns, when a strategic offensive began with a strike on one axis, the 1945 campaign, thanks to the increased forces of the Soviet Army and the weakening of the Wehrmacht, began with a simultaneous offensive along the entire front and with the main assault being launched in the central sector. The enemy was thus deprived of a chance to maneuver forces and resources to ward off the assaults of the Soviet forces. The conducting of simultaneous concerted large-scale operations on several strategic axes represents the most decisive and effective method of routing an enemy.

Another distinguishing feature of the 1945 campaign was that not one but several strategic operations were conducted on each axis in the course thereof. Thus five consecutive operations were conducted on the axis of the main assault: the Visla-Oder, East Pomeranian, Lower Silesian, Berlin and Upper Silesian.

The continuousness of the offensive was achieved by means of regroupings not only of individual armies but also of entire fronts. Such a transfer of forces assumed particularly large proportions during the preparations for the Berlin operation. The main forces of the 2d Belorussian front were moved from the area of Gdynia and Danzig on the lower course of the Oder directly to the Berlin axis, and part of the forces of the left wing of the 1st Ukrainian front were moved to the Kotbuhe axis. In addition, three armies were transferred from East Prussia to the 1st Belorussian and 1st Ukrainian fronts. Eighteen armies were regrouped altogether.

The art of concentrating forces and resources on the main axis at the expense of secondary sectors of the front achieved great sophistication in the operations of the culminating stage of the war with Germany. Thus by the start of the Visla-Oder operation approximately one-third of the entire personnel, artillery and mortars and also aircraft and over half the tanks and assault guns of the army in the field were part of the forces of the 1st Belorussian and 1st Ukrainian fronts, which were advancing in a 480-kilometer-wide zone (22 percent of the then extent of the Soviet-German front).

Thus the superiority of the Soviet Armed Forces over the Hitlerite army, the strongest and most experienced in the capitalist world, was displayed convincingly in the Great Patriotic War. They surpassed it in terms of the moral-political and combat attributes of the personnel and provision with

equipment. The high level and creative nature of Soviet military art and the talent and military leadership capabilities of our commanders were revealed as fully as could be in the war.

The victory of the Soviet people and their armed forces in the war over a strong and cunning enemy such as were fascist Germany and its allies was profoundly logical. It revealed the advantages of socialism and its tremendous possibilities and created new conditions for the further development of social progress in the world. The USSR's victory signified the downfall of the ideology of Nazism and chauvinism and exposure of the social and nationalist demagoguery which had concealed the bestial aspect of the terrorist dictatorship of monopoly capital. At the same time it raised to an unprecedented height the authority of the socialist social system and Marxist-Leninist ideology.

Forty years have elapsed since the Great Patriotic War ended. For four decades the peoples of Europe have been living a peaceful life. They are obliged for this to the existence and growing might of the socialist community and the peace-loving foreign policy of the Soviet Union and the other socialist countries.

Recently, with the support and patronage of reactionary forces, revanchists of various stripes have been raising their head ever higher. The spirit of revanchism and militarism being spurred by the ruling circles of Washington and Bonn is causing great public anxiety and anger. The lovers of military adventures are questioning the 1945 Yalta and Potsdam agreements and demanding a revision of the results of WWII.

What can be said in this connection? It is time for all those raising their hands against the postwar arrangement in Europe to understand that the peoples, who have known the perfidy and cruelty of the fascist aggressors, will never forget the stern lessons of the last war. The Soviet Union and the other socialist community countries have delivered and will deliver revanchist claims the most firm and emphatic rebuff. History warns aggressors: socialism knows how to defend itself.

On guard of peace and socialism in single formation with the Soviet Armed Forces stand the armies of the other Warsaw Pact states. The combat might of this defensive alliance ensures the reliable collective defense of the socialist community countries and corresponds to the interests of all freedom-loving peoples.

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ROLE OF CONVENTIONAL ARMS IN U.S. STRATEGY VIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5,
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[Article by G. Vorontsov: "The United States, NATO and the Conventional Arms Race"]

[Text] The sharp exacerbation of tension at the start of the 1980's, which has occurred through the fault of aggressive, militarist circles of the United States and NATO, has put on the agenda of world politics with particular seriousness questions of international security. In the overall complex of measures to avert the threat of war paramount significance is attached to steps aimed at curbing the race in nuclear arms, which threaten not only the peoples of individual states and regions but everything living on Earth. Preventing nuclear catastrophe is the key goal of the foreign policy of the Soviet Union, the other socialist community countries and all peace-loving forces.

The particular seriousness of this task is conditioned by the fact that recently the ruling and militarist circles of the United States have been promoting energetic preparations for "star wars," concealed by the thoroughly hypocritical "new strategic defense initiative" slogan, attempting to include their bloc allies in so-called "research" in this sphere. The militarization of space, if not averted in good time, could serve not only as the impetus for increasingly new twists to the arms race spiral in other spheres of states' military activity also but lead to an unprecedented nuclear catastrophe.

Together with space and nuclear arms the United States and its NATO partners are also increasingly stimulating and accelerating the race in conventional arms, endeavoring to raise it also to a qualitatively higher level. New types of nonnuclear arms--more intricate, costly, powerful and accurate--are being developed and built. In terms of their specifications some of them approach weapons of mass destruction and are only negligibly inferior to them.

Conventional armed forces and armaments constitute a very significant proportion of the combat potential of countries of the world. Their upkeep is swallowing up colossal resources. They encompass diverse types of weapons and combat equipment in armies, air forces and navies. Growing attention has been paid to these types of arms in the West in recent years with the adoption by the imperialist states, primarily the United States, of doctrines designed to enhance their general forces' capacity for conducting lengthy, intensive combat operations in various parts of the world using conventional weapons.

Conventional arms are acquiring increasingly great yield, accuracy and range. Other of their specifications, particularly of precision-guidance weapons, are being perfected also. The latter are guided and adjustable weapons operating in accordance with the "round--hit" principle. Their accuracy is only slightly dependent on the range, weather, visibility and mental state of the personnel.

It is frequently asserted in the West that the arms race represents a "natural" consequence of the scientific-technical revolution. Purely technical progress is leading, it is said, to the development of new types of conventional weapons, and military and state leaders allegedly have no choice but to adopt them.

Such a formulation of the issue is fundamentally incorrect. It is not the scientific-technical achievements in the military sphere per se but primarily the political course, political approaches and decisions and class nature of the imperialist states which serve as the main causes of the conventional arms race. It is here that the keys to the modern trends in the sphere of the development of conventional arms should be sought. Ways toward their reduction also may be found only in the political plane.

It is no secret that the United States and the other NATO countries are making reliance on strength the cornerstone of their foreign policy. They are demanding armed forces supplied with the most modern types of equipment and weapons. NATO leaders are also linking with the gamble on a conventional arms race the hope of achieving one-sided advantages and breaking up the existing correlation of forces between NATO and the Warsaw Pact.

The struggle of the two courses, two lines in world politics is manifested, as in other spheres, in relief in the sphere of conventional arms. The Soviet Union and the other socialist community countries are doing everything to halt the conventional arms race and turn it back. As a counterweight to this, the United States and the other imperialist states are stoking it.

The biggest conflicts unleashed by the imperialist states since WWII were the wars in Korea, Indochina and the Near East. The most modern types of combat equipment and arms were used and tested in the course of them. Recently the Near East conflict has served the imperialist powers as a proving ground for

testing the latest arms such as cluster, antipersonnel and vacuum bombs, a variety of rocket projectiles and missiles, the latest electronic reconnaissance means and so forth.

The United States possesses the capitalist world's most powerful armed forces and arms. In accordance with the forward-basing concept, very considerable groupings of American forces are deployed outside of U.S. national territory. They are entrusted with the assignment of ensuring the achievement of Washington's political goals.

The most powerful such grouping is deployed in Europe. It numbers 355,600 men. Constituting it are 30 percent of the personnel of regional ground forces, up to 150 tactical missile launchers, 3,400 tanks, 2,500 guns and mortars and over 1,000 helicopters. The U.S. Air Force in Europe has more than 750 combat aircraft. When evaluating the United States' military potential in Europe, account also has to be taken of the 2d and 6th fleets patrolling in the Mediterranean and the Atlantic. Altogether they have 170 warships, including 6 aircraft carriers and approximately 50 nuclear submarines.*

A tilt has been observed in the 1970's-1980's in the military R&D being conducted in the United States and other NATO states toward the creation of technically increasingly sophisticated weapons. Intricate control, communications and reconnaissance systems are being built together with this. A marked advance in the automation of conventional weapons and the use of electronics and laser and other beams is being observed also.

Big changes are occurring in the development of aircraft manufacture and rocketry. Importance is attached to the creation of so-called precision-guidance projectiles and the corresponding delivery systems, with remote control included. Cruise missiles with separating nonnuclear warheads are being actively developed. The creation of so-called autonomous guidance systems may be termed a step of fundamental importance.

The persistent attempts at the military use of space being made by the United States represent an exceptionally dangerous trend. It may be asserted that if agreements are not concluded in the very near future aimed at averting the militarization of space and banning the deployment there of strike systems, including antisatellite weapons, this will lead to the grimmest consequences.

The very nature of conducting military operations is capable of changing as a result of these innovations. In addition, the casualty-producing properties of the latest types of conventional arms, which are being employed increasingly often in practice, are such that they are imparting an exceptionally cruel nature to conventional warfare and causing colossal devastation and grief and suffering for millions of people. According to existing calculations, in the period 1960 through 1972 alone approximately 10.7 million persons died in "conventional" wars which were unleashed by imperialism or which erupted at its instigation.*

* See "Whence the Threat to Peace Emanates," Moscow, 1984, pp 21-22.

** R. Sivard, "World Military and Social Expenditures," Leesburg, 1982, p 15.

II

The development of a new generation of conventional arms being speeded up by NATO is closely connected with the current trends in the evolution of military-strategic views in the United States and within the bloc as a whole. Such questions as nuclear deterrence, American guarantees, sharing the "overall defense" burden, the "nuclear threshold," the directions and levels of the possible escalation of a conflict and a number of others have now proven to be at the center of discussion.

The tone of the current round of the discussion on questions of NATO strategy was set by a pronouncement of the prominent U.S. political and social figures M. Bundy, G. Kennan, R. McNamara and G. Smith, who advocated a revision of the bloc's official concept concerning first use of nuclear weapons. In the well-known article "Nuclear Weapons and the Atlantic Alliance" published in the journal FOREIGN AFFAIRS they wrote that any use of these weapons in Europe would be fraught with the inevitable risk of the conflict growing into a global nuclear war. And such a war would have no winners. The authors deem it essential to run a precise divide between a conflict involving the use of nuclear weapons and all other types of conflict.*

The attempt to revise the NATO strategy of deterrence or at least place new emphases in it brought about objections from the supporters of the traditional "flexible response" and "nuclear reply" concepts. Four West German authors, the well-known political and military figures K. Kaiser, G. Leber, A. Mertes and F.-J. Schultze, sharply assailed the idea of a renunciation of first use of nuclear weapons in the course of the debate in the journal FOREIGN AFFAIRS. In their opinion a renunciation of first use of nuclear weapons, however paradoxical, would not only be contrary to the interests of the North Atlantic alliance but would also make nuclear war more likely.** This position was on the whole supported by former U.S. Secretary of State H. Kissinger. Renunciation of first use of nuclear weapons would only, he believes, weaken NATO both morally and militarily. At the same time Kissinger is in no doubt as to the need for increased attention to be paid to conventional arms.*** Such authorities as M. Taylor, C. Bertram, M. (Khovard) and a number of others have been advocates of the accelerated buildup of conventional arms and armed forces.

In evaluating the course of the discussion apropos NATO strategy being conducted in certain Western publications it is possible to distinguish two viewpoints seemingly counterposed to one another. One is represented by the supporters of new emphases in the bloc's nuclear policy who chiefly stress conventional armed forces and armaments. The other by defenders of nuclear deterrence and first use of nuclear weapons.

* FOREIGN AFFAIRS No 4, 1982, p 757.

** Ibid., No 5, 1982, p 1159.

*** See SURVIVAL No 5, 1982, pp 195-198.

However, such a division would now seem to us insufficiently precise and inadequately reflecting the essence of the matter. First, we need to note the existence of a number of common ideas shared by the representatives of both camps. Both urge the strengthening of NATO and its military machine and additional efforts to "modernize" the conventional armed forces, nonetheless not, furthermore, as a rule, to the detriment of accelerated nuclear weapon development programs.

Gen B. Rogers, the most active crier for a strengthening of NATO's conventional forces, is by no means opposed to the first use of nuclear weapons. Moreover, he specially emphasizes his allegiance to official NATO doctrines, believing that paramount attention to the modernization of conventional arms does not break with the postulates of NATO nuclear strategy. According to B. Rogers, it is the U.S. nuclear arsenal which is "the best guarantee of restraint" from Europe's viewpoint.*

As far as West European experts are concerned, they as a whole support present NATO strategy. While acknowledging certain of its shortcomings they are at the same time very guarded in their approach to attempts to radically revise it. Thus in a voluminous monograph devoted to NATO the West German expert K.-P. Stratmann acknowledges that bloc strategy is in a state of crisis, in any event in a number of aspects. The author advocates a strengthening of the "capacity for defense" by conventional means. At the same time he also emphasizes the need for the deterrent impact of nuclear potential. The conclusion drawn is that NATO does not need a new strategy: there is no acceptable alternative to "flexible response".**

As far as the American leadership is concerned, it, as already mentioned, is gambling on an accelerated buildup of conventional weapons by no means to the detriment of the development of its nuclear potential. Furthermore, first use of nuclear weapons, the readiness to unleash a nuclear war and maniacal ideas concerning the possibility of winning it determine the thinking of circles close to the present administration.

However, the Reagan administration attaches more importance than before to the organizational development of conventional armed forces also. Whereas in the 1970's the possibilities of a reduction in overseas commitments and even a winding down of the American presence were discussed under the influence of the "Vietnam syndrome," there is now open talk of a return to "gunboat diplomacy" and the role of "world gendarme". Military bases on all continents are being created at an accelerated pace. The strength of the RDF is being raised to several hundred thousand men, and new warships, aircraft and other types of armament are being manufactured. It is precisely within the framework of this aggressive policy that the accelerated development of conventional armed forces and armaments, which are designed for accomplishing Washington's interventionist actions, is being entered.

* See FOREIGN AFFAIRS No 5, 1982, p 1154.

** See K-P. Stratmann, "NATO---Strategie in der Krise? Militaerische Optionen von NATO und Warschauer Pakt in Mitteleuropa," Baden-Baden, 1981, p 232.

III

An orientation toward a conventional arms race is clearly recorded in a number of NATO decisions adopted back at the end of the 1970's. The so-called long-term military program of the bloc, which was approved in 1978, has come to be considered a fundamental document. Nine of its 10 sections are devoted to strengthening the NATO states' conventional armed forces. We may also place here NATO's decision on an annual 3-percent increase in military budgets.

In an interview in the Sunday supplement of the newspaper LE FIGARO of 7 January 1984 R. Reagan emphasized the "tremendous importance" of the extensive modernization of the alliance's conventional armed forces. While declaring that in the United States it is already being undertaken very rapidly the President observed: "However, America is not in a position to accomplish this task in isolation, and it is very important that its NATO partners do everything in their power to enhance the efficiency of their own armed forces."

The Pentagon's new directions considerably expand the possibility of an escalation of military operations. They essentially cancel out previous doctrines concerning 2½ or 1½ wars. The "geographical escalation" concept attracts attention in this connection. It stipulates that Washington, in conjunction with its allies, has to be prepared to extend military operations to other theaters where the enemy, in its opinion, is more vulnerable. According to U.S. Defense Secretary C. Weinberger, who explained this concept, the United States should deploy its forces such as to be in a position to strike at the enemy and "defend" American interests in any part of the world. Furthermore, in the event of a conflict arising in one spot the United States "could confront the enemy in other areas".* For Europe geographical escalation means the possible spread of military operations to such areas as the Near and Far East and sea and ocean expanses.

In August 1982 the Pentagon adopted the new "air-ground operation" concept specially for conducting combat operations by conventional weapons. It is oriented primarily toward the European theater and contemplates the surprise start of an engagement by ground forces and naval and air forces using all the latest arms. A most important characteristic feature of this concept is the launching of an assault to a great depth** to inflict on the enemy's forces the maximum damage. The achievement thereby of superiority over the enemy serves as the condition for a decisive offensive movement and the capture of his territory.

The "air-ground operation" concept which has been adopted by the United States and is being introduced into the practical training of NATO armed forces is of an avowedly aggressive nature. In fact the preparations for such combat operations are being carried out in the course of various maneuvers. Their

* See SURVIVAL No 3, 1982, p 32.

** See "'Strike Deep': A New Concept for NATO" (MILITARY TECHNOLOGY No 5, 1983, pp 39-60).

number and scale are increasing constantly, while the areas in which they are conducted are increasingly approaching the Soviet Union and the borders of the socialist community countries.

This concept, which provides for an attack deep into the territory of the Warsaw Pact countries, has been under development since the end of the 1970's. In October 1981 it was discussed by NATO's Military Committee. In the fall of 1982 Gen B. Rogers, commander in chief of NATO armed forces Europe, called for a general modernization of NATO's conventional armed forces and their enhanced efficiency and the introduction of the latest technology. The "Rogers Plan," of which there has been much talk in the West recently, adumbrated a system of measures to strengthen NATO's conventional armed forces and has been expounded by the general repeatedly in a number of official speeches, articles and interviews.

A sufficiently full idea of this plan is given in one of the author's articles pretentiously entitled "Sword and Shield" and published in a NATO periodical. It substantiates in detail and propagandizes the introduction of ultramodern weapons systems with great range, hit accuracy and mobility. Their use "increases the depth of the battlefield" and the capacity for hitting targets far beyond the forward edge of the enemy's defenses. Thus traditional combat operations at the forward edge are supplemented by an assault against the second echelon. Outlining the targets for the launching of an assault in depth, the author cites primarily the enemy's most important lines of communication, railroads, energy sources, means of communication, bridges and central control points.

B. Rogers enumerates "promising technical innovations" which could prove exceptionally effective. Among these are multiple-warhead missiles for action against large areas in the enemy rear. Programs for the creation of such systems are already being implemented in a number of NATO countries. Thus broad-range antitank missiles are being developed in the United States, programs for the destruction of runways in Great Britain and a multiple-warhead dispenser for hitting airfields and tank columns in the FRG. A number of projects are of a multilateral nature. Thus, in particular, Britain, France, the United States and the FRG and also Italy will produce a multibarreled rocket grenade launcher.

B. Rogers claims that the strengthening and modernization of conventional armed forces are capable of raising the "nuclear threshold" and ensuring effective operations with the aid of conventional weapons and strengthening the "defensive power" of NATO.*

Naturally, additional military spending is needed for the accelerated strengthening of the NATO countries' conventional armed forces and the building of fundamentally new weapons systems. B. Rogers considers inadequate in this

* B. Rogers, "Sword and Shield, ACE Attack of Warsaw Pact Follow-on Forces" (NATO'S SIXTEEN NATIONS No 1, 1983, pp 18, 26).

connection the 3-percent increase in military spending which was decided on back in 1978 and demands 4 percent.*

Skeptical opinions are being expressed in the NATO countries, however, concerning the creation of conventional arms systems intended for striking deep into an enemy's defenses. In the opinion of a number of experts the development of such systems is capable of lowering the "nuclear threshold" inasmuch as in a number of cases the boundaries between nuclear and the new generation of conventional weapons will be erased to a considerable extent. Another circumstance is of importance also. Some of the delivery systems of the new types of weapons intended for a strike in depth could be equipped with both conventional and nuclear warheads. The latest installment of the yearbook of the Stockholm International Peace Research Institute observes that preparation for the launch of such missiles deep into an enemy "could be perceived on the opposite side as a nuclear attack."**

There are impressive grounds for such a viewpoint. Take just cruise missiles fitted with conventional warheads and intended for hitting isolated targets far beyond the front line. It is well known that cruise missiles with nuclear warheads have already been deployed by the United States in Europe. It is undoubtedly impossible to determine precisely which warhead has been installed on a missile flying toward the target. Whence the danger of NATO's militarist preparations, which are capable of provoking a nuclear war.

Even NATO Secretary General Lord Carrington did not conceal in an interview with the Rome weekly PANORAMA of 19 November 1984 his doubts concerning the possible effectiveness of the "Rogers Plan". "It should not be thought," he observed, "that advanced technology is a panacea for all troubles and that it can solve all our problems.... What is appearing in the West will ultimately appear in the East. Let us not comfort ourselves with the thought that just we alone possess advanced technology and that the other side has nothing."

In the course of the discussion of these issues at NATO Council sessions West European representatives are pointing to the colossal expenditures required by the new generation of conventional weapons at a time when NATO is encountering difficulties as it is in financing programs which are already in effect.

One further difficult question arises in connection with the allocation of orders. The NATO countries are well aware of the power of the American arms manufacturer monopolies. For this reason there are entirely justified fears that the majority of orders will disappear across the ocean and that, essentially, the West European members of the alliance will be paying American companies.***

The serious contradictions between Atlantic bloc allies led to it taking the United States and the NATO leadership approximately 2 years to win formal adoption of the "Rogers Plan". It was approved by the NATO Military Planning Committee in November 1984.

* ATLANTIC NEWS, 7 July 1982, p 2.

** "SIPRI Yearbook 1984," London, 1984, p 312.

*** See AVIATION WEEK AND SPACE TECHNOLOGY, 12 December 1983, pp 17-19.

IV

The Military Planning Committee, which assembled at ambassador level in Brussels, adopted a new directive proclaiming as NATO's most important task preparations for launching a strike against the enemy's second echelon. It is contemplated using the latest weapons systems and equipment, means of reconnaissance and data processing to precisely ascertain the disposition of targets deep in the territory of the socialist countries and to strike at them. Communications and control centers, airfields and bridges figure among such targets.

The propagandist cover for the "Rogers Plan" was the assertion that its realization would make it possible to raise the "nuclear threshold". However, this plan does not cancel the official NATO concept concerning first use of nuclear weapons. In fact it supplements NATO's nuclear strategy, imparting to it an even more aggressive character.

It is essentially a question of a new Blitzkrieg plan whose essence consists of lightning strikes being carried out at the very first stage of aggression by NATO (in official terminology, "defense of the bloc") against the second echelon of the Warsaw Pact countries for the purpose of disorganizing the rear and preventing the arrival of reinforcements and their deployment in the zone of combat operations. Thus the new "defensive" directive prescribes "defense" against an enemy in his rear.

It is significant that such important changes in NATO's military doctrines were adopted in purely military bodies without serious discussion in the states participating in the alliance. Speaking in Great Britain's House of Commons, Labor member E. (Kluid) expressed a protest in connection with the fact that parliament had not been notified in advance about the "Rogers Plan". He demanded that this issue be investigated by the House of Commons' Special Committee on Defense. As E. (Kluid) believes, adoption of the "Rogers Plan" makes cardinal changes to the idea of NATO, which is becoming "wholly and completely offensive".*

In the attempts to substantiate the conventional arms race it is customary in the West to refer to the "threat from the East" and to the imbalance in the correlation of general armed forces which has allegedly existed for many years. Typical in this connection is a work which appeared under the title "Surprise Attack and Conventional Defense in Europe," which was written by J. Maurer and G. McCormick, American experts from the Institute of Foreign Policy Research. Its initial postulate is that the threat of a surprise attack on the part of the Warsaw Pact is "the most serious problem confronting the Atlantic alliance."** Proceeding from the "disproportions" which allegedly exist in the structure of armaments and NATO's "insufficient readiness" for repulsing such an "attack," the authors call for the adoption of a whole series of measures and steps to "strengthen the efficiency" of the bloc armies.

* THE GUARDIAN, 5 November 1984.

** J. Maurer, G. McCormick, "Surprise Attack and Conventional Defense in Europe" (ORBIS No 1, 1985, p 107).

Other viewpoints, however, are expressed also. A book on new military technology published by the London Institute of Strategic Studies under the editorship of J. Alford, deputy director of the institute, claims that the core of the majority of disputes in NATO "is the problem of confronting the conventional armed forces of the Warsaw Pact, which, in turn, is leading, particularly in Europe, to a concentration of attention on nuclear aspects of the continent's defense. The existing imbalance in conventional forces is perceived as something which goes without saying. But the paradox is why NATO spends more and has less strong nonnuclear defenses...."*

New editions of Pentagon and NATO propaganda brochures which have been published recently naturally lay the emphasis on the imaginary aggressiveness and military "advantages" of the Soviet Union and the Warsaw Pact. Thus the third edition of "Soviet Military Power," which was published in Washington in 1984, claims that the USSR, continuing technical sophistication of its forces, is giving priority to the training of forces for "rapid offensive operations" which are characterized by surprise actions, concentrated firepower and high mobility.**

Similar conclusions are drawn in the NATO publication "NATO and Warsaw Pact Comparisons," which emphasizes the "fundamentally offensive conventional potential" of the Warsaw Pact, the existence of "an imbalance in the ground forces in favor of the Warsaw Pact" and so forth, and, what is more, with a few exceptions the Warsaw Pact advantage is proclaimed undoubted.***

Such assertions have nothing in common with reality. The existence of equality between NATO and the Warsaw Pact is convincingly confirmed not only by official data submitted by the Warsaw Pact countries in the course of the Vienna talks on a reduction in armed forces and armaments in Central Europe but also by many Western sources, which debunk the myths concerning some advantage of the USSR and the Warsaw Pact over the United States and NATO in the sphere of conventional arms.

Thus one of the latest studies recently conducted in the Brookings Institution in the United States by W. Mako, an expert on military policy issues, devoted to a study of the situation in Central Europe notes that no side possesses a manifest numerical advantage, and therefore there are no grounds for any "pessimistic forecasts" in the West.**** B. Barrows and G. Edwards, British specialists in the sphere of military policy problems, also acknowledge that NATO is "coping successfully" with the defense of the West European states, while the probability of a "Soviet invasion" is comparatively slight.***** Views close to these authors are also held by P. (Breyken), an expert from Yale University. He writes in the article "The Problem of NATO's Defense" that no one has yet "offered convincing explanations of why the Soviet Union would mount a large-scale offensive here (in Europe)...." "No Soviet policy goal,"

* "The Impact of New Military Technology," edited by J. Alford, Farnborough, 1981, p 4.

** "Soviet Military Power 1984," Washington, 1984, p 58.

*** See "NATO and Warsaw Pact Comparisons," Brussels, 1984, pp 100-101.

**** W. Mako, "U.S. Ground Force and the Defense of Central Europe," Washington, 1983, pp 100-101.

***** B. Barrows, G. Edwards, "The Defense of Western Europe," London, 1982, p 1.

P. (Breyken) goes on to emphasize, "is capable of justifying any motives" for an attack on West Europe.*

However, such assessments and opinions as a whole are not being entered within the framework of the propaganda support for NATO's military-strategic concepts. In fact were Washington and NATO headquarters to acknowledge the actual state of affairs, that is, the existence of approximate parity and the absence of a threat on the part of the Warsaw Pact, the whole idea of the "need" for the bloc countries' buildup of conventional and nuclear arms as an allegedly forced measure to eliminate the "imbalance" between the two groupings would collapse. In the wake of this all attempts to justify the official bloc concept of delivering a first nuclear strike in the event of a military conflict between the Warsaw Pact and NATO would be deprived of "grounds".

Such an authoritative research center in the West as the London Institute of Strategic Studies notes in its calculations of the correlation of forces between the Warsaw Pact and NATO the existence of certain disproportions objectively present on both sides. However, as a whole, the associates of this center acknowledge, such disproportions mutually compensate one another, creating an overall picture of approximate parity.**

In the correlation of the two alliances' armed forces and armaments other factors influencing the strategic situation like, for example, the enlargement of the NATO bloc thanks to Spain's entry also have to be taken into consideration. The latter's armed forces number more than 340,000 men (5 divisions, 200 combat aircraft, dozens of warships).

Nor is the huge quantity of various conventional arms of the United States maintained at the developed network of numerous military bases on overseas territories (at 1,500 bases and facilities in 32 countries) always included in the overall balance of forces. The weapons dumps are being increased constantly. Recently they have also been accommodated on floating facilities in various parts of the oceans.

Consideration of all the factors adduced above and a balanced comprehensive assessment of the armed forces and armaments of NATO and the Warsaw Pact permit us to confirm the conclusion concerning the existence of approximate parity between them. This parity is objectively contributing to a stabilization of the situation in Europe and exerting a positive influence on the continent's security.

The unfolding of a conventional arms race which is being stimulated by the West, the advancement by the United States and NATO of concepts and doctrines of an aggressive nature based on the use of conventional weapons, the exceptionally dangerous consequences of the use of the latest types of such weapons--all this represents a serious threat to the cause of peace. The Soviet Union believes that such a development of events has to be stopped, more,

* ORBIS No 1, 1983, p 83.

** See "The Military Balance 1982-1983," International Institute for Strategic Studies, London, 1983, pp 129-133.

to be turned back. Peace and stability in Europe as throughout the world, may be strengthened not on the path of an arms race but on the path of negotiations, arms reduction and disarmament.

It was the Soviet Union which was the first since the war, back in 1946, to raise before the UN General Assembly the question of the general regulation and reduction of armed forces and armaments and of the establishment of a conventional arms commission. Subsequently also the USSR developed and concretized its proposals. In addition, in 1955-1956 and also in 1960 the Soviet Union reduced its armed forces unilaterally.

In the Peace Program adopted by the 24th CPSU Congress the USSR advocated a reduction in armed forces and armaments in areas where the military confrontation is particularly dangerous, primarily in Central Europe. The policy of a reduction in weapons stockpiles and disarmament was continued by the 25th and 26th CPSU congresses. In April 1978 the USSR appealed to states with major military potential for the discussion of a program for the implementation of a number of measures for a complete halt to the growth of arms and the creation of conditions for their subsequent reduction. A halt to the creation of new types of conventional arms of great destructive power and a renunciation of the enlargement of armies and an increase in conventional arms could have been important specific steps in this sphere.

In 1980 the Soviet Union made its 1978 proposal more specific, proposing that the permanent members of the Security Council and the countries connected with them by military agreements not increase their armed forces and conventional arms as of 1 January 1981 as a first step toward their subsequent reduction.

However, it has not yet been possible to make progress in cutting back conventional arms and armed forces, although there is positive process stock here. The convention banning or limiting the use of specific types of conventional weapons which may be considered to inflict inordinate damage or which have an indiscriminate effect at the present time, which took effect on 2 December 1983, is part of this. Together with the Soviet Union over 20 states are party to the convention and a further 40 countries approximately have signed it, but have yet to ratify it.

Undoubtedly, the limitation of conventional armed forces and arms is a complex and important problem. However, progress along this path is possible only given strict and unswerving observance of the principle of the sides' equality and equal security. It is primarily necessary to come to an understanding on not increasing conventional armed forces and armaments and stabilizing their level.

The reaching of an agreement on limiting the sale and supplies of conventional arms could also be of importance. The volume thereof is measured in tens of billions of dollars, is continuing to grow and is a significant channel of the arms race. It would be expedient to resume the consultations on this issue between the USSR and the United States which were suspended by Washington.

The talks on a mutual reduction in armed forces and armaments in Central Europe which have been under way in Vienna since October 1973 are designed to play a big part. They have demonstrated the flexibility and constructive nature of the position of the Soviet Union and the other Warsaw Pact countries. This position has been specified and supplemented repeatedly, and it has evolved in a constructive spirit, furthermore, with regard for the specific desires of the Western side.

As far as the Western participants in the talks are concerned, they have manifestly not aspired to the achievement of an agreement, advancing conditions which they know to be unacceptable to the other side. Such artificial obstacles put forward by the United States and NATO as the question of numbers and the problem of supervision have proven to be a stumbling block at the talks.

The USSR and its allies have exerted much effort to extricate the talks from deadlock.

For the purpose of imparting new impetus to the Vienna talks in mid-February 1985 the USSR proposed the draft "Basic Provisions of an Agreement on an Initial Reduction by the Soviet Union and the United States of Ground Forces and Arms in Central Europe and the Subsequent Nonincrease in the Levels of the Sides' Armed Forces and Arms in This Region". It is proposed concentrating attention on effecting reductions in some of the forces of the USSR and the United States in interconnection with a subsequent freezing of the level of armed forces and arms in the said region of all the direct participants, doing this in treaty-legal form.

In the course of 1 year following the agreement taking effect the ground forces of the USSR and the United States in Central Europe would be cut back by 20,000 and 13,000 men respectively in combat military units together with their organic arms and combat equipment, and up to 10 percent of such reductions would be effected in terms of individual servicemen, furthermore.

It is further envisaged that upon completion of the cutback in the Soviet and American forces all the states subscribing to the agreement would undertake on a collective and national basis not to increase the level of their armed forces and arms in Central Europe in the time that the agreement is in force.

Together with the use of national technical means of supervision at the sides' disposal such specific measures to ensure compliance with the agreement as an exchange of lists of the units being cut back and withdrawn, notification of the start and completion of practical cutback measures and the creation for the period of the withdrawal of the forces being cut back by each side of three-four observations posts each via which they would be withdrawn are proposed.

The draft agreement proceeds from the fact that negotiations on subsequent, larger-scale reductions of armed forces and arms would be continued for the purpose of reaching equal collective levels of the sides' armed forces in Central Europe down to 900,000 men, including down to 700,000 ground forces. The proposed agreement would take effect from the day that it is signed and last for 3 years.

The draft agreement is based on the approach to the outline of the reductions contained in the socialist countries' initiatives of February and June 1983. While preserving their topicality in full they ensure the shortest path to the achievement of a mutually acceptable accord.

Importance for the solution of questions of strengthening European security is attached to the Stockholm conference on measures to strengthen confidence and security and on disarmament in Europe. The USSR and the other socialist community countries have put forward for its examination a number of specific measures concerning both nuclear and conventional arms: the conclusion of a treaty on the nonuse of military force and the maintenance of relations of peace; an arrangement concerning the nonincrease and a reduction in military spending; the deliverance of Europe from chemical weapons and the creation of nuclear-free zones on the continent. The Soviet Union also proposes the elaboration of confidence-building measures more substantial in nature and scope in development of the measures envisaged by the Final Act in Helsinki.

As far as the United States and the other NATO countries are concerned, however, the steps which they have proposed are aimed basically at obtaining additional information virtually of an intelligence nature.

The military policy of the United States and NATO in the sphere of conventional arms is aimed at destabilizing the existing situation. It is wholly and fully inscribed in the strategy of "direct confrontation" and in the context of the "crusade" against the Soviet Union and all progressive forces in the world proclaimed by U.S. leaders.

The orientation toward an arms race is combined in this policy with the blocking of disarmament negotiations and the erection of every conceivable barrier to a reduction in conventional armed forces and arms. The appearance of new concepts of conducting combat operations such as the "air-ground operation" convincingly testifies to the growth of the aggressiveness of the United States and NATO. It is a question of an unprovoked first strike not only against the forward edge of the Warsaw Pact countries' defenses but also further, deep in their territory.

All this is undoubtedly prompting the USSR and the socialist community countries to undertake decisive actions to cut short the attempts to disrupt the evolved balance of forces and prepare the ground for aggressive actions. The Soviet Union and the other Warsaw Pact states have declared repeatedly that they will not permit the West to achieve advantages and dictate its will to other states and peoples.

The sole acceptable path in the modern world is that of constructive and effective negotiations and peaceful coexistence. It is this path which the USSR and its allies intend to follow.

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CHANGES IN CAPITALISM SINCE LENIN'S TIME STRESSED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5,
May 85 (signed to press 12 Apr 85) pp 61-73

[Article by L. Abalkin: "Lenin's Theory of Imperialism in the Light of
Present-Day Realities"]

[Text] "The question of imperialism is not only one of
the most essential but, it may be said, the most essential
question in the branch of economic science which has most
recently been elaborating the change in the forms of capitalism."

V.I. Lenin

Lenin's theory of imperialism is one of the greatest achievements of social
thought of the present century and a striking model of the creative
development of Marxism. It is distinguished by depth of penetration of the
mysteries of the new phase of the capitalist production mode, perspicacity in
the determination of the historical place of imperialism and the balanced
nature of the evaluations.

It emerged as a direct continuation of the economic teaching of K. Marx
and is based entirely on the regularities of the capitalist production mode
which he discovered. This is understandable. After all, imperialism is
capitalism at the highest and final level of development. All the fundamental,
essential characteristics of the capitalist system retain their force here.
For this reason Lenin's teaching on imperialism incorporates as the theoretical
and methodological foundation most important propositions of Marxist theory.

At the same time Lenin's theory of imperialism is a new word in Marxism.
Its creation raised Marxist political economy to a qualitatively new level and
was the basis of the development of the present-day teaching on revolution,
on coexistence and the struggle of the two social-political systems and on war
and peace. We can no longer today speak of Marxism and any of its components
without regard for the tremendous creative contribution made by the teaching
on imperialism.

I

Much has changed in the world since the time of the creation of Lenin's theory of imperialism. Imperialism itself even has changed. Qualitative transformations of the entire structure of the capitalist production mode have become a reality in the 20th century. They have encompassed the sphere of the production forces, modified the nature of the cyclical movement of production, summoned into being profound changes in the mechanism of economic planning and largely changed the social structure of bourgeois society and its political superstructure.

Radical transformations in the technology, techniques and organization of industrial and agricultural production have been implemented throughout recent decades in the leading imperialist powers. Nuclear power engineering, microelectronics, robotics and other directions summoned into being by the scientific-technical revolution are developing rapidly. Considerable changes have occurred in the structure of finance capital and in the nature of the monopolies' interaction with the bourgeois state. The basic levers of economic might and political power are being concentrated increasingly in the hands of the military-industrial complex and the transnational corporations [TNC]. The inhumane essence of imperialism and its innate aggressiveness are being revealed increasingly clearly.

Together with the increased class polarization of bourgeois society its structure is growing more complex. The numbers and proportion of persons working for wages are growing; many categories of intellectual workers are being incorporated in their ranks. A differentiation of the bourgeoisie is under way, and the numerous middle strata are being eroded and arising anew. The contradictions between the upper stratum of the monopoly bourgeoisie and social groups which are numerous and highly heterogeneous in composition, but largely united by common interests are intensifying. The youth, women's and antiwar movements and a variety of religious and national associations represent a considerable force.

The world system of the capitalist economy, whose formation culminated in the transition to imperialism, long since ceased to be all-embracing. Its state and development prospects can no longer be comprehended and explained without an analysis of the world socialist economy and the historical confrontation of the two social-political systems. The movement for the establishment of a new international economic order is an imperious command of the times. It reflects the qualitatively new generation of the developing countries. Centrifugal and centripetal forces operating in the world capitalist economy form an intricate interweave. The entire system of the intrinsic contradictions of capitalism is being aggravated; its general crisis is intensifying, being manifested in new forms.

Such are some of the realities of present-day imperialism. They require in-depth and creative interpretation and the theoretical generalization of accumulated empirical knowledge concerning the new phenomena in its development. This can only be done by relying on the theoretical and methodological potential of Lenin's theory of imperialism.

Lenin's theory of imperialism and its all-around development in the light of the present day is invariably at the center of the attention of Soviet scholars.* The article examines merely some, predominantly methodological, aspects of it. Individual propositions are put forward by way of formulation of the question.

Upon an interpretation of the new phenomena in the development of imperialism it is necessary to avoid two extremes. The first is an absolutization of the changes which are occurring. In this case the connection between the present-day processes and the factors which engendered them disappears from the analysis, the essential characteristics of monopoly capitalism are ignored and the main thing--the general and basic law of the modern stage of the development of capitalism consisting of universal monopolization on a national and international scale on the basis of the concentration of production and capital which was revealed by V.I. Lenin--is consigned to oblivion. As a result--wittingly or unwittingly--the topicality of Lenin's theory of imperialism is underestimated and its conclusions are correlated predominantly with the initial phase of its development. Empiricism and the substitution for theoretical analysis of a description of specific processes are characteristic of such an approach.

No less dangerous is another extreme--a disregard for the changes to which we are witness and an underestimation of the depth of them. It is also a question of attempts to adapt any new phenomenon to a certain opinion and to elevate each opinion, even one concerning the particular features of its own time, to the rank of a permanent truth. Such an approach is fundamentally contrary to the creative spirit of Marxist-Leninist theory in general and Lenin's theory of imperialism in particular. "Lenin, who always emphatically rejected dogmatism, did not stop short at throwing out individual propositions if they ceased to correspond to the new situation. While making a specific analysis of the specific situation the cornerstone he, just like Marx and Engels, invariably kept his finger on the pulse of history, checking his analysis against the change in the situation, correcting, supplementing and specifying it."**

An analysis of Lenin's theory of imperialism in the light of the realities of the end of the 20th century naturally presupposes a knowledge of these realities themselves and a factual picture of present-day capitalism. Reliance on facts as the starting point of theoretical analysis pertains to the fundamental principles of Marxist research. The magnificent edifice of "Das Kapital" is based on a collation of a Mont Blanc of factual material.

* See, for example, G.F. Rudenko, "Lenin's Methodology of the Study of Imperialism," Moscow, 1961; "Lenin's Theory of Imperialism and the Present Day," Moscow, 1977; I.T. Nazarenko, "Lenin's Theory of Imperialism and its Bourgeois Critics," Moscow, 1983; I.Ye. Rudakova, "Methodological Problems of the Theory of Imperialism," Moscow, 1983; KOMMUNIST No 8, 1984, pp 3-13.

** B.N. Ponamarev, "The Vital and Effective Teaching of Marxism-Leninism," Moscow, 1983, p 63.

These requirements were strictly followed by V.I. Lenin himself when creating his theory of imperialism. His titanic work is reflected in the "Notebooks on Imperialism," where extracts from 148 books and 232 articles in Russian, English, French and German are concentrated. In the work "Statistics and Sociology" he dwelt specially on the role of facts in substantiation of a concept: "Precise facts, indisputable facts ...these are what are particularly necessary if one wishes to seriously investigate a complex and difficult question...."*

It is not, furthermore, a question of individual "facts" and pseudofacts. Reflecting single and incidental phenomena, many of them are incapable of revealing the logical connection of events and lack the force of proof. It is necessary to take facts in a system, in aggregate. "Facts, if taken in their whole, in their connection," V.I. Lenin emphasized, "are not only an 'obstinate' but also undoubtedly conclusive thing. Pseudofacts, if taken outside of the whole, unconnectedly, and if they are fragmentary and arbitrary, are precisely only a plaything or something even worse."**

Of course, scientific cognition is not reduced to a collection and description of facts. Although, on the other hand, it is impossible without them. Modern science does not begin an investigation of the constantly expanding mass of data from scratch. They are deposited on information which has already been accumulated and theoretically interpreted, corroborating conclusions drawn earlier or demanding their specification and amendment. It is very important here to strive to ensure that the new data be analyzed on the basis of strict methodological principles and from precise class standpoints.

The following needs to be said in connection with the discussion concerning the correlation of facts and theory which resumes from time to time. It is not legitimate to counterpose the collection and study of factual material and theoretical generalizations to one another and view them in the form of two independent, isolated phases of knowledge. An analysis of facts and the actual state of affairs is present at all stages of the scientific reflection of an object (if, of course, we are really dealing with such and not with scholastic logomachy). Only on this basis can we ensure a verification of the true nature and vital force of theoretical formulae. And it is only on this basis that they are specified and new theoretical propositions are formulated. In turn, theory must be present in the form of a guiding principle at all the phases of the collection, grouping and analysis of factual material.*** Otherwise the research, deprived of a reliable theoretical compass, could be choked in a sea of accumulated facts.

All that has been said is most directly related to a study of the realities of present-day bourgeois society. The key to an understanding of them lies in an in-depth and comprehensive assimilation of Lenin's methodological study of

* V.I. Lenin, "Complete Works," vol 30, p 350.

** Ibid.

*** For methodological questions of the correlation of facts and theory in the example of an analysis of imperialism see M.M. Rozental', "The Dialectics of Lenin's Study of Imperialism and Revolution," Moscow, 1976, pp 52-60, 131-140.

imperialism. Many works by Soviet scholars are devoted to an analysis thereof. Nonetheless, the relevance of work in this field has not diminished one iota. On the contrary, the greater the amount of time separating us from the creation of Lenin's theory and the more profound changes which are occurring, the more important and urgent the task of the adroit and creative application of the methodological principles of the study of imperialism.

Decisive significance is attached here to an in-depth comprehension of the essence of imperialism and an ability to recognize its manifold, highly changeable forms. V.I. Lenin saw the domination of the monopolies as the essence of imperialism, its basic singularity and distinctiveness of its historical place. "...In terms of its economic essence," he wrote, "imperialism is monopoly capitalism."* It is this which predetermines all the basic economic and political characteristics of imperialism.

In the political economy of present-day capitalism key significance is attached to the "monopoly capital" and "monopoly" categories. The first of them is a most broad and capacious concept which characterizes the new quality of the entire system of the production relations of imperialism. The "monopoly capital" category is genetically connected with the "capital" category, which reflects the basic production relationship of bourgeois society. "Monopoly" is a more specific concept characterizing an alliance of capitalists.

As the history of the development of present-day capitalism shows, the forms of monopolies, the methods of their domination and the specific manifestations of the basic characteristics of imperialism are undergoing quite appreciable changes. They need to be seen and thoroughly analyzed. But it must not be lost sight of for a moment here that the capitalism of the 20th century has been and remains monopoly capitalism. Its deep-lying essence today is the same as it was in V.I. Lenin's time.

Several leading directions, which require very close attention, may be distinguished in the process of change in the structure of monopoly capital and the methods of its domination.

Among these mention should be made first of all of the formation of finance-monopoly groups. Under current conditions they are becoming the basic form by means of which the domination of finance capital is realized, their appropriation of a significant and constantly growing share of the national income is secured and economic life is regulated. The economic relations taking shape within the framework of these groups form an important link of the economic mechanism of state-monopoly capitalism.

* V.I. Lenin, "Complete Works," vol 27, p. 420.

The profound changes in the structure and methods of domination of the financial oligarchy are connected with the formation and development of the TNC. The latter reflect the new, higher level of the international socialization of production, shrouding this in itself progressive process in a socioeconomic form characteristic of monopolies which puts it at the service of the interests of the self-growth of capital. With the formation of TNC the internationalization of the conditions of exploitation of the working class increases, new forms of the manifestation of the irreconcilable antagonism between wage labor and capital arise and the basic contradiction of capitalism intensifies considerably, also acquiring new, international forms of realization.

The formation of a military-industrial complex has been completed or is actively under way in the majority of the main imperialist countries. It is exerting an increasingly great influence on economic life and domestic and foreign policy, organizing concentrated pressure on the working people's social gains and intensifying these countries' aggressive aspirations. The military-industrial complex has become the strike force of imperialism stimulating reaction in the domestic and foreign policy of bourgeois states.

All the said and other changes in the structure and forms of organization of finance capital may be correctly understood and explained only on the basis of a disclosure of their monopoly nature as a product of the new phase of the concentration and socialization of production. The complex relations of the finance groups, the aspiration to world domination, the growing reactionary approach and aggressiveness--all these are expressions of the essence of present-day capitalism as monopoly capitalism. At the same time, however, they are new phenomena and new forms requiring close analysis and creative interpretation.

We have in recent decades witnessed the final collapse of the colonial system of imperialism. The territorial division of the world in the form in which it had taken shape by the start of the 20th century has ceased to exist. More refined methods have come to replace direct political enslavement. Under current conditions neocolonialism is a typical and at the same time new form of the existence of monopoly capitalism and its characteristic distinguishing feature. It represents a modern instrument of the domination of the financial oligarchy and an important link in the system of the world capitalist economy.

An ability to see the essence of the processes which are occurring and to take into consideration the modification of the forms of its manifestation is an essential condition of a fruitful analysis of the realities of present-day bourgeois society. This is important in a study of any question, upon an investigation of the mechanism of state-monopoly regulation of the economy included.

Study of the economic mechanism forms a most important section of politico-economic analysis.* It helps reveal the method of running the economy and

* For the essence and functions of the economic mechanism of state-monopoly capitalism, the phases of its formation and development and the crisis of the system of state-monopoly regulation see "Political Economy--Theoretical Basis of the Revolutionary Struggle of the Working Class," Moscow, 1983; Yu. V. Shishkov, "The Capitalist Economy Without a Compass," Moscow, 1981.

organizing social production by means of which the prevailing ownership relations are realized economically. The transition to imperialism and subsequently the formation of state-monopoly capitalism brought about an appreciable modification of the mechanism of capitalist economic planning. A system of state-monopoly regulation of the economy took shape.

The changes in the mechanism of economic planning affect primarily the strata of production relations which serve the actual movement of capital. As a result a temporary conformity of the actual forms and methods of economic planning to the level of the production forces which has been reached is ensured. Certain opportunities are thereby created for the latter's further development. At the same time, however, no reorganization of the economic mechanism is capable of resolving the basic contradiction of capitalism between the social nature of the production forces and the private-capitalist form of appropriation.

State-monopoly regulation, which took shape conclusively after WWII, created certain prerequisites for the accelerated development of the production forces. With its help it was possible to do a considerable amount in assimilating the possibilities revealed by the scientific-technical revolution. Relative stability was achieved for a certain period in the development of the economy and its cyclical fluctuations were smoothed over.

However, in the 1970's the intrinsic contradictions of capitalist reproduction again intensified sharply, which attests a further deepening of the general crisis of capitalism. The 1974-1975 and 1980-1982 economic crises were the most serious since the war. They blended in with the structural crises and summoned into being a complex combination of a decline in production and a growth of unemployment and inflation, which came to be called stagflation. This forced into silence the most avid preachers of the burgeoning and crisis-free development of capitalism.

As the CPSU Central Committee June (1983) Plenum observed, "the methods with which capitalism has managed to maintain the relative stability of its development in the postwar period are increasingly losing their effectiveness. It is becoming increasingly clear that imperialism is incapable of coping with the social consequences of a scientific-technical revolution of unprecedented depth and scale, when millions and millions of working people are being condemned to unemployment and poverty."

The bankruptcy of Keynesian methods of regulation have led to a revival of the neoclassical concepts and ideas of monetarism. The neoconservative reaction to the protracted crisis phenomena, an expression of which has been so-called Reaganomics, cannot, however, be evaluated as a renunciation of state-monopoly regulation. This is merely a change in its forms and methods, the essence, on the other hand, remaining as before. Given the current level of socialization, of the concentration of production included, and given the continued domination of the monopolies, a return to the mechanism of market regulation is impossible and illusory. The call for such is merely ideological camouflage of active state intervention.

Of course, the market does not disappear but becomes a part of the overall system of economic planning characteristic of the modern bourgeois society. However, purely market methods based on the unregulated movement of supply and demand cannot, given the present level of socialization of production, perform a dominating role.

It would appear necessary in this connection to precisely delineate state-monopoly regulation as an essential process and specific manifestations thereof and this form and method of regulation or the other. For this reason Keynesian methods, which were employed for decades, are not identical to the essence of the process in question. They represent merely a possible form and modification thereof.

Of course, it is as yet difficult to predict in which direction--to speak of long-term trends--the reorganization of the capitalist economic mechanism will proceed. However, there is every reason to believe that it will take place within the framework of state-monopoly regulation of the economy. The unification of the power of the bourgeois state with that of the monopolies was and remains a central element of the strategy of adaptation to the new situation being implemented by imperialism. This applies to the mechanism of economic regulation also.

II

An important place in Lenin's methodology is occupied by the dialectics of the general and the particular in the development of imperialism. The characterization of imperialism as monopoly capitalism and the highest and final stage of the capitalist production mode contains its general, generic characteristics. At the same time the general is always manifested in the particular and the specific. The particular exists dually here, in time and space, as a specific feature of individual phases and countries.

The preservation of the monopoly nature of imperialism and its generic characteristics indicates that all the modifications and reorganizations which it has undergone are changes within the framework of the imperialist stage. But these changes, as already mentioned, are quite profound. Essentially new phenomena and processes have become a reality. They testify that imperialism has entered a new phase of its development.* In this connection science is confronted with the complex and crucial task of a periodization of the development of imperialism and the formulation of the essential criteria.

Simultaneously it is necessary to ascertain the differences between the stages in the development of the capitalist mode of production and the phases taking shape within each of them. The stage represents a historical era. The formation of the new mode of production (the period of the original

* In literature the "stage" and "phase" concepts do not always have a precise interpretation and are sometimes identified. At the same time the "stage" concept, which was employed by V.I. Lenin, has become firmly established as the summary characterization of imperialism. For this reason it would appear justified to designate the different levels in the development of monopoly capitalism as phases.

accumulation of capital), its development on its own basis (the capitalism of free competition) and its degeneration and demise (monopoly capitalism) are such.

Within the framework of each of these historical eras the changes in the forms of manifestation of general distinguishing characteristics record in line with their accumulation entry into the following phase.

The very approach to imperialism as a developing system moving from phase to phase is based on fundamental principles of materialist dialectics. It also fully corresponds to K. Marx's approach to an analysis of premonopoly capitalism, which develops from simple joint labor to the manufactory and from the latter to machine production.

For distinguishing this phase or the other in the development of imperialism it is essential to comprehensively evaluate the changes in the production forces, economic basis and political superstructure. Decisive significance here (in accordance with Lenin's methodology) will be attached to changes affecting the material production forces, the level of concentration of capital and on this basis the forms of organization and domination of monopoly capital.

At the same time the question arises as to whether it is permissible to analyze phases in the development of imperialism by abstracting ourselves from the deepening of the general crisis of the capitalist system. I believe that the answer to this question should be in the negative. Truly, the processes and phenomena characteristic of present-day imperialism cannot be fully explained without an analysis of the disintegration of its colonial empire and, even less, without regard for the qualitatively new correlation of forces in the world arena which has taken shape as a result of the successes of the socialist community. Such a fundamental feature as the achievement of military-strategic equilibrium between the USSR and the United States and the Warsaw Pact countries and the NATO bloc pertains here also.

To this question is connected another--concerning the influence of external conditions on the modification of this feature and regularity or the other inherent in imperialism. Internal factors inherent in the given social-economic system and given mode of production are determining here: development of the production forces, the seriousness of social contradictions. All this is so. But today the process of the historical confrontation of the two systems and the growing might and authority of the socialist community can no longer be regarded as a barely material factor. It is exerting a pronounced and at times decisive influence on many phenomena in the life of present-day bourgeois society.

It would be wrong, in particular, to ignore the impact of this factor on the pace and directions of scientific-technical progress in the main capitalist countries. Attempting to proceed here solely from the race for profits means displaying myopia and reducing the whole business to purely economic features and underestimating the role of political realities. It has to be seen that the profit motive explaining the actions of individual capital is not always

capable of providing a key to a correct interpretation of the class interest of the monopoly bourgeoisie. Defense of the capitalist system itself is such.

Of course, this defense also ultimately makes it possible to preserve the conditions for appropriating the fruit of others' labor and for enrichment. But in the activity of the state the class interest is the most immediate, direct motive. This also explains the complex process of the combination of the growing contradictions between individual capitalist countries and their groupings with the consolidation of the forces of imperialism in the struggle against the world socialist community.

External factors also largely determine the social policy of present-day imperialism, which combines concessions and maneuvering with increased pressure on the gains of the working class and the remaining working people. The development of the world socialist community exerts a considerable, although by no means simple influence on the workers movement. It is necessary to emphasize the objectiveness and active nature of this influence. The successes of the planned development of the national economy, solution of the problem of employment and social achievements serve as stimulants of the struggle of the working people of the capitalist countries for an improvement in their position and increase the magnetic force of socialist ideals.

At the same time we cannot close our eyes to the fact that the difficulties and negative phenomena which exist in the socialist countries are negatively reflected in the workers movement in Western countries. Quite skillfull use is made of these difficulties by our class enemy, who endeavors with the help of the propaganda machinery to belittle the successes of real socialism in every possible way and simultaneously inflate and exaggerate existing shortcomings.

The struggle for the highest production efficiency, assimilation of the latest achievements of science and technology and a further rise in the standard and quality of life are not only our internal affair. They are international duty to the class brothers and working people of the capitalist countries. Fulfillment of this duty presupposes also the adroit, convincing revelation of the advantages of the socialist system, its inherent humanism and its impressive actual achievements.

In examining the question of phases in the development of imperialism we cannot circumvent the problem of state-monopoly capitalism. The latter represents primarily a particular form of the existence of monopoly capital mediating the basic economic and political characteristics of imperialism. It is the universal present-day form of monopoly capitalism inasmuch as in our day any monopoly is directly or indirectly connected with the state and incorporated in the mechanism of state-monopoly regulation.

This form or the other of the alliance of monopolies and the state is essentially characteristic of all phases in the development of imperialism, although, of course, the role of this alliance has changed with time. Qualitative changes have occurred here since the war. From a temporary,

episodic phenomenon state-monopoly capitalism has become the main and universal form of monopoly capitalism, and the merger of the monopolies and the state has been completed in the leading capitalist countries.

This makes it possible to regard state-monopoly capitalism as the latest, current phase in the development of imperialism. However, the question of how to name and characterize the preceding phase arises. In literature it is frequently designated the monopoly phase, and in this connection people write of the transition from monopoly to state-monopoly capitalism. Such an approach would appear mistaken. It wittingly or unwittingly calls in question the proposition concerning imperialism as the final stage in the development of capitalism. Monopoly capitalism is not a phase but a stage of the capitalist mode of production. As far as the phases in the development of imperialism are concerned, we may distinguish among them its formation (final quarter of the 19th century-start of the 20th century), the initial phase in the development of monopoly capitalism (up to the end of the 1950's-start of the 1960's) and the current state-monopoly phase. Each of them has characteristic qualitative singularities and at the same time they are united by common features, which determine their association with the imperialist or monopoly stage of capitalism.

Nor is it hardly justified to pose the question of the conversion of state-monopoly capitalism into some fundamentally new, transnational, for example, form. Yes, the development of the TNC and also the strengthening of the military-industrial complex are largely changing the organization of the economic and political life of modern bourgeois society. But not one of these changes--however significant--goes beyond the framework of state-monopoly capitalism. If it is regarded as a whole as the present-day form of monopoly capitalism, the above-mentioned new phenomena represent secondary, derived forms in which the merger of the power of the monopolies and the state is manifested.

The appearance and development of various interstate alliances remains within the confines of the basic characteristics of imperialism revealed by V.I. Lenin, although the forms of their realization are changing. The state-monopoly level of the socialization of production, including its international manifestations, is the highest of the possible levels under capitalism.

The theory of imperialism is not limited to its analysis as a particular stage of the capitalist mode of production. Within the framework of this theory the movement of scientific thought from the abstract to the concrete achieves considerably greater specificity and detailed presentation and considerably greater approximation to living realities. This is connected with the fact that study of the new phenomena in the development of imperialism is not simply of abstract-theoretical interest. It is essential for formulation of the strategy and tactics of the communist and workers parties of the capitalist states and the determination and, in certain cases, adjustment of the foreign policy course of the socialist countries.

For this reason it is important upon an analysis of imperialism to catch in good time the specific features of the regular reproduction cycle, the changes in the conditions of the world economy and the directions of the reorganization of the economic mechanism. It is no less important to also ascertain the national specifics of imperialism.

The question of national singularities occupies an important place in an analysis of the dialectics of the general and particular in the development of imperialism. Both an exaggeration of these singularities and a disregard for the general generic characteristics of imperialism and their oblivion and underestimation are impermissible here. Highly significant differences exist between countries in the structure of finance capital, the relative significance of the state sector of the economy, methods of forecasting and programming, the actual correlation of class forces and the vitality of national traditions.

Without regard for specific singularities it is impossible to ascertain the specific features of the "national imperialisms" of the United States and Japan, the West European countries as a whole and individually, the large and small states which in the past were a part of the anti-Hitler coalition and their enemies on the fields of WWII. A mechanical transfer to some countries of specific features and characteristics revealed upon a study of others could create a false idea of the ongoing processes.

Historical experience has not confirmed the smoothing over and leveling of these differences. Despite the increased community, by and large the distinctiveness of individual countries is preserved and is strengthening even. This is reflected in the singularities of economic and social policy and the positions on a number of urgent international issues.

An ability to see and correctly combine in an analysis general regularities of the imperialist stage and national specifics is a form of realization of a methodological approach based on an understanding of the unity of facts and theory.

III

A most fundamental feature of Lenin's theory of imperialism is the question of its historical place. As is known, V.I. Lenin believed that "imperialism is (1) monopoly capitalism; (2) parasitical or decaying capitalism; (3) dying capitalism."*

The monopoly nature of the capitalism of the end of the 20th century is indisputable. Not one in any way major phenomenon in the life of modern bourgeois society, not one of its present realities can be correctly understood and explained without regard for this constituent characteristic.

From the monopoly nature of present-day capitalism ensue also such singularities thereof as parasitism and decay. No other question of the theory of imperialism gives rise perhaps to such an acute clash of opinions and such bitter polemics. A struggle surrounding it is being conducted both between Marxists and the defenders of capitalism and between Marxists themselves. This is connected not only with the complexity of the problem. Frequently a correct understanding of it is impeded by confusion of the outward appearance and essence of the process in question and its oversimplified and at times primitive interpretation even.

* V.I. Lenin, "Complete Works," vol 30, p 163.

The reality is such that in the postwar period a rate of economic growth has been observed in the capitalist countries higher than in the preceding phases. Under the influence of the scientific-technical revolution qualitative changes have occurred in the production forces. A quite pronounced rise in the living standard has been achieved; the working people have achieved (not without struggle, of course) a number of social benefits which were inconceivable both in the last century and at the start of the present century. All of this is at times perceived as a refutation of Lenin's conclusion concerning the parasitism and decay of capitalism.

But such a conclusion may be reached only in the event of one proceeding from an oversimplified comprehension of the problem which has nothing in common with a Leninist comprehension. The idea of the stagnation and automatic collapse of capitalism is alien to Marxist-Leninist theory. V.I. Lenin pointed to the existence of two trends in the development of the production forces under the conditions of imperialism: "It would be a mistake to believe that this trend toward decay precludes the rapid growth of capitalism; no, individual sectors of industry, individual strata of the bourgeoisie and individual countries display in the era of imperialism more or less strongly sometimes one, sometimes the other of these trends."* He noted here that at the stage of imperialism production grows immeasurably faster than under the old capitalism, emphasizing also the following: "...No Marxist will forget that capitalism is progressive in relation to feudalism, and imperialism in relation to premonopoly capitalism."**

Of course, it is only possible to speak of the progressive nature of imperialism in a strictly defined sense, meaning a higher level of development of the production forces compared with premonopoly capitalism. And this by no means denies an increase in parasitism and decay as the predominant trend. The combination of the growth of the production forces with the processes of decay of the economy is a typical contradiction of modern capitalism.

Thus the high rate of growth characteristic of the postwar period fully fits in with Lenin's concept of imperialism. More, it was to have been foreseen and expected if one had proceeded from the essence of Lenin's teaching.

The unfolding of the scientific-technical revolution, which represents a worldwide process, has exerted and continues to exert a profound influence on the life of modern bourgeois society. The trend toward decay inherent in any monopoly given private ownership of the means of production may only delay and slow down, but not halt the development of the production forces. Under the conditions of the acute struggle of the two systems assimilation of the latest scientific-technical achievements is an important component of the strategy of the monopoly bourgeoisie.

The use of the successes of modern science and technology is marked in the main imperialist centers by the imprint of the most profound social antagonisms. The inhumane nature of the capitalist application of the achievements of the

* V.I. Lenin, "Complete Works," vol 27, p 422.

** Ibid., vol 30, p 116.

scientific-technical revolution and its disastrous socioeconomic and ecological consequences is being manifested increasingly clearly. It is not difficult to discern new forms of decay here. As a whole the changes brought about by the scientific-technical revolution can and should be explained on the basis of Lenin's methodology of the study of imperialism.

As far as the rise in the working people's living standard is concerned, here also there is nothing surprising for true Marxist-Leninists. Neither capitalism in general nor imperialism in particular do away with the universal law of rising requirements. That the actual rise in the living standard is achieved by the working class by way of persistent struggle and the bourgeoisie uses all opportunities to wrest back the concessions it has made and conducts a systematic offensive against the population's income is another matter.

Finally, we have to take into consideration the tremendous magnetic force of socialism and the impact of its social gains. They not only stimulate the efforts of the working class of the capitalist countries but also force the bourgeoisie itself to make concessions and to maneuver. Under these conditions the profit motive, as already mentioned, is not the sole driving force. Whereas for each capitalist and each monopoly it has pride of place, from the standpoints of class (whose interests the bourgeois state expresses) survival and preservation of the capitalist system moves to the forefront.

A relative and at times absolute deterioration even in the working people's position is occurring under the conditions of present-day capitalism. But this deterioration has not been and cannot be a rectilinear process. A rise in the living standard in one phase is replaced by a decline therein at another, then there is a new period of growth and a decline once again. But this is in principle generally characteristic of a cyclically developing capitalist economy.

The process of the deterioration in the position of the working class proceeds unevenly, embracing to a varying extent this stratum or the other thereof and different countries. Averaged data may be used far from always here. A differentiated analysis makes it possible to ascertain actual changes in the position of different strata of society and social groups in greater depth and more specifically.

It is necessary to take account here of the fact that the domination of the monopolies and the formation of monopoly superprofits connected therewith give rise to the possibility of the bribery of certain strata of the working class. Today, as at the start of the 20th century, "the privileged stratum of the proletariat of the imperialist powers lives partly at the expense of the hundreds of millions of the uncivilized peoples."*

* V.I. Lenin, "Complete Works," vol 30, p 165.

This is, naturally, also reflected in the singularities of the workers movement, primarily in the main, wealthiest countries of imperialism. The inclination toward class collaboration and suspicion and sometimes hatred toward immigrant workers and the pressure of most immediate interests of the moment are exerting a negative influence on the unity and aggressiveness of the working people's actions.

In studying the question of a scientific understanding of decay and parasitism it needs to be borne in mind primarily that these characteristics pertain to imperialism as a stage of the capitalist production mode. Decay under the conditions of imperialism ensues from the very domination of the monopolies, whereunder "the motivating factors for technical and, consequently, for any other progress disappear to a certain extent"* and the economic possibility of artificially holding back technical development appears.

Even if this possibility is realized only to a certain extent. The most acute competitive struggle, confrontations between individual countries and groupings thereof, an endeavor to subordinate the developing countries to their influence and, finally, survival strategy stimulate technical innovation. However, together with the innovatory process the trend toward decay engendered by the monopoly nature of present-day capitalism operates as an inexorable fate.

Ultimately it is a question of the incapacity of monopoly capitalism for fully assimilating the present-day production forces and putting them at the service of man. This is just as true today as in V.I. Lenin's lifetime. New features have appeared here also: steady unemployment, which does not disappear even in a period of upturn, the ecological and energy crises, inhumane methods of the use of the achievements of the scientific-technical revolution and others.

Under current conditions the manifestations of parasitism are also increasing considerably and new forms thereof are emerging. Among them we may cite the developing countries' colossal foreign debt making it possible through interest payments alone to confiscate from them a considerable proportion of the national income to the benefit of the present rentier-states. There are also numerous manifestations of parasitism in the activity of the TNC, primarily once again in respect of the developing countries.

At the same time it is important to see something else also, namely, the socio-class aspect of parasitism. Its essence is that the monopoly bourgeoisie is to an increasingly great extent becoming a parasitical excrescence on the social organism providing its juices. Frequently distancing itself from the direct process of production control and transferring this function to technical specialists, the bourgeoisie is increasingly revealing its superfluousness and parasitical nature.

* V.I. Lenin, "Complete Works," vol 27, p 397. It is significant that Lenin writes not generally of the removal of motivating factors to technical progress but of their disappearance "to a certain extent".

I believe that it is in this strictly scientific sense that the further increase in parasitism and decay characterizing the specific features of the historical place of imperialism needs to be examined. At the same time such an approach makes it possible to evaluate its prospects realistically and take account of the possibilities and reserves which it possesses. While being historically doomed, present-day capitalism still possesses even under the conditions of its general crisis considerable, far from exhausted development potential.

The Leninist comprehension of the two trends in the development of the production forces under imperialism is aimed against an underestimation of its possibilities. The seriousness of the contradictions of present-day capitalism and the depth of the recent crises by no means signify the exhaustion of the resources of economic growth and the retooling of production. Socialism is confronted by an economically strong enemy capable of a further buildup of his potential. And it is necessary to take this into consideration in every possible way in the strategy of economic and scientific-technical competition and multiply efforts in the struggle for fuller use of the advantages of developed socialism.

The existence of reserves in present-day capitalism also means that it will continue to proceed along the path of adaptation to the new situation in the world, reorganizing the mechanism and methods of state-monopoly regulation. Social maneuvering or, on the contrary, a toughening of social policy, active ideological indoctrination of the mass consciousness and bribery of the upper stratum of the working class will be practiced to this end. It is difficult here to foresee all the possible peripeteia. But the strength and experience of the class enemy and his capacity for active operations aimed at preserving capitalist orders cannot be underestimated.

However, neither the power of present-day capitalism and the presence therein of a certain development potential are capable of halting the natural course of history. Imperialism is the final stage of capitalism, the stage of its dying. Neither can this process be understood in an oversimplified manner, availing oneself of biological parallels which are hardly appropriate in science. The capitalist system cannot be represented in the form of a decrepit old man whose powers are receding with every spent year and for whom death comes of its own accord.

In regarding imperialism as the final stage of capitalism V.I. Lenin recognized the process of the latter's dying in the monopoly even: "...A monopoly, growing out of capitalism, is already the dying of capitalism and the start of its transition to socialism."* The real, actual transition to socialism is accomplished by way of the revolutionary breakup of the capitalist orders. This occurs, as historical experience has shown, through the consistent falling away from the capitalist system of individual countries or groups thereof.

* V.I. Lenin, "Complete Works," vol 30, p 165.

Despite all its complexity and contradictoriness, the course of world history has confirmed convincingly the true nature of Lenin's theory of imperialism. It has passed the strictest test--the test of time. A principal source of the strength and theoretical power of Lenin's analysis is the fact that it contains an impetus to the further development of scientific thought, affords scope for creative quest and simultaneously provides reliable methodological reference points for the interpretation of new historical experience.

An in-depth and comprehensive recognition of present-day realities requires the persistent efforts of scholars engaged in a study of the problems of imperialism. An in-depth analysis of the new phenomena in international relations and the world revolutionary process and the new aspects of the general crisis of the capitalist system are essential. This is particularly relevant in connection with the preparation of the new edition of the CPSU Program.

Being on top of present-day requirements and constantly strengthening and developing the theoretical potential of economic science is the high calling and duty of Soviet scientists.

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SOCIALIST BASIS OF HUNGARY'S ECONOMIC SUCCESSES STRESSED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5, May 85 (signed to press 12 Apr 85) pp 74-84

[Article by F. Tokhin: "Hungary--Along the Path of Socialist Creation"]

[Excerpts] In Hungary's 1,000-year-plus history the last 40 years occupy a special place. In terms of the wealth and importance of the events which have occurred in this short time, the scale of revolutionary transformations and the depth of the changes in the country's life this period is altogether incomparable. It began on 4 April 1945, when as a result of the Soviet Army's victorious offensive the German-fascist aggressors and their Horthy accomplices were driven off Hungarian soil. This day became Liberation Day, and it is not fortuitous that the Hungarian people call it the day of the second finding of their motherland.

The people's democratic revolution has its roots in the history of the Hungarian people's ages-old struggle for freedom and independence and for a just solution of social and political problems. It is a direct continuation of a most important stage of this struggle in recent times--the 1919 revolution. Inspired by the splendid example of the Russian proletariat, the Hungarian working class, guided by the Communist Party, made a heroic attempt less than 18 months after the victory of the Great October Socialist Revolution to make one further breach in the system of world capitalism.

Hungary became the first country after Russia in which the dictatorship of the proletariat was installed. The soviet republic existed for 133 days and fell under the onslaught of the joint forces of foreign interventionists and internal reaction. However, the Hungarian proletariat's heroic struggle in 1919 was not in vain. It was a kind of general rehearsal for the socialist revolution following WWII. The quarter-century fascist dictatorship had been unable to extirpate the ideas of socialism.

The war against the Soviet Union unleashed by Hitler, in which the antipopular Horthy regime had plunged the country, exacerbated the economic and sociopolitical contradictions of the existing system extraordinarily. The Hungarian Communist Party Central Committee termed the fascist aggression against the USSR the main danger for the country's working people. It subordinated its entire work to the task of Hungary's liberation from the German yoke and to an end to the war against the USSR and called on all political parties and classes prepared to fight for this to unite in a single antifascist front.

During WWII the communists and antifascists fought in the ranks of the Soviet Army and Soviet partisan formations.

The policy of a fundamental reorganization of society continued to be implemented successfully in the country in subsequent years. By the end of 1949 the socialist sector occupied the dominating positions in the national economy. A process of the rapid elimination of the economic backwardness inherited from the previous system was under way. People's Hungary was gradually converted from an agrarian-industrial to industrial-agrarian country.

As a result of fulfillment of the 3-year and 5-year plans in 1955 the volume of industrial production was three times that of the prewar level. The structure of the national economy had changed appreciably. Industry's share in creation of the national income had grown to almost 64 percent and that of the socialist sector to almost 81 percent. Socialist production relations had conquered completely and the capitalist sector had been eliminated in industry.

All wholesale trade had passed to the hands of the state. The movement for the creation of production cooperatives in the countryside, which began in 1948, had become widespread. The level of satisfaction of the population's material requirements had risen. In the final year of the 5-year plan overall consumption was 30 percent higher than in 1949. The real wages of workers and employees and the real income of the peasantry had increased and the working people's living conditions had improved appreciably.

An important and difficult task was surmounting the very grim ideological legacy of the Horthy regime, primarily the influence of nationalism. The party of Hungarian communists conducted a persistent struggle immediately following liberation against bourgeois and petty bourgeois currents and concepts and promoted a great deal of work on the ideological-political training and retraining of the working people. A new worker-peasant intelligentsia took shape and a cultural revolution was accomplished.

The tremendous transformations in the country's social-political, socioeconomic and cultural life and the change in the class structure of society were reflected in the constitution. It was adopted at a session of the State Assembly elected in May 1949 and came into force on 20 August. Candidates of the Hungarian Popular Independence Front, which had been created at the start of 1949, gained 95.6 percent of the vote at the elections. For the first time the highest organ of power contained not one representative of the exploiter classes: workers constituted almost 44 percent of the members of parliament, peasants approximately 26 percent.

The constitution enshrined public ownership of the bulk of the means of production. "The Hungarian People's Republic," it said, "is a state of workers and working peasants" where "all power belongs to the working people" in the form of local councils and the State Assembly. The leading force of society is the working class, which relies on the democratic unity of the people and is guided by its vanguard. The constitution outlined the directions of the country's further development along a path of the consistent building of the socialist society.

Thus the first half of the 1950's was marked by indisputable successes. At the same time the then party leadership made major miscalculations and mistakes of a sectarian-dogmatic nature. They were the result of a violation of Lenin's principles of party life and party leadership. Their essence consisted mainly of

a disregard for the specific features and national singularities of Hungary and a slackening of attention to an analysis of the country's actual conditions and to consideration of the internal and external situation.

The said mistakes inflicted great damage on the authority of the party and the state, objectively led to a weakening of the unity of the ranks and fighting efficiency of the Hungarian Labor Party and gave rise to the working people's legitimate dissatisfaction. No less severe damage was done by the adventurist activity of the right-revisionist grouping of Imre Nagy and his supporters. Having entrenched themselves within the Hungarian Labor Party and employing factional methods, they did everything to paralyze the revolutionary forces and ultimately indulged in outright betrayal of the cause of socialism.

This was taken advantage of by the internal class enemy and international imperialism, whose subversive activity was galvanized to an extraordinary extent in the mid-1950's. It was the imperialists, as J. Kadar observed, who were "the main instigators, leaders and inspiration of the counterrevolutionary sally against the Hungarian People's Republic." The goals of the armed attack launched in October 1956 against Hungary's lawful system were elimination of the revolutionary gains of the Hungarian working people, the restoration of capitalism and the creation of a springboard against the Soviet Union and the other socialist countries.

However, the plans of foreign and internal reaction were foiled. The communists and all the healthy forces of the people, relying on the majority of the workers and the working peasants and given the active assistance of the Soviet Union, which was true to its international duty, and with the support of the other socialist countries and the international communist and workers movement, smashed the counterrevolutionary revolt and defended socialism. The events in Hungary confirmed that under the conditions of the existence of the world socialist system imperialists' attempts to export counterrevolution are doomed to fail.

On the initiative of J. Kadar and under his leadership a new revolutionary center was formed under the conditions of the 1956 crisis, and the Revolutionary Worker-Peasant Government was created on the basis thereof. The revival of the Marxist-Leninist party of the working class, which came to be called the Hungarian Socialist Workers Party [MSzMP], began immediately following the rout of the counterrevolution. The MSzMP coped honorably with the complex task of determining the precise policy line and specific measures for its consistent implementation. The theoretical and practical basis of the program drawn up by the party was creative application of the principles of Marxism-Leninism and the restoration and unswerving observance of Lenin's standards of party and state life.

Under the most difficult conditions which had taken shape in Hungary itself and around it the MSzMP, displaying political sober-mindedness, decisiveness and practical flexibility, without retreating one iota from class positions and conducting a struggle "on two fronts"--against left sectarianism and right revisionism--was able to swiftly and successfully overcome the crisis and ensure consolidation of the political and economic situation.

The course outlined by the party was pursued by way of patient explanatory work among the working people and their persuasion, by way of the exposure and political isolation of the enemy, with the use of force if necessary.

Great moral-political support and material assistance were rendered the Hungarian people in establishing a normal life and production activity by the Soviet Union and the other socialist states. They also contributed to an improvement in Hungary's international position and frustration of the imperialist powers' intentions of interfering under the UN flag in the country's internal affairs.

The Seventh MSzMP Congress, which assembled at the end of 1959, observed that the political crisis was a bygone stage and outlined for the coming years the task of "completing the creation of the foundations of the socialist society... and accelerating socialist building." Very great significance for the accomplishment of the tasks set by the congress was attached to completion of the transformation of agriculture given a simultaneous increase in the volume of the product produced therein. By mid-1962 the socialist sector encompassed over 96 percent of the plowland.

Socialist production relations held undivided sway in all sectors of the national economy by the start of the 1960's. The public sector produced 96 percent of the national income. A planned system of management of the economy had become firmly established in the country. Further changes occurred in the socio-class structure of society. Political and economic leadership had passed entirely to the hands of the numerically increased working class, which had been transformed appreciably in terms of its composition. It exercised this function in alliance with the cooperative peasantry and other working people's strata within the framework of a policy of socialist national unity. The leading and directing role of the party of the working class had strengthened appreciably, and the mechanism of socialist democracy was perfected.

Summing up what had been achieved in the preceding years, the MSzMP concluded at the eighth congress (1962) that the creation of the foundations of socialism in the country had been completed and announced a transition to the subsequent stage of socialist building. Elaboration of the strategy of social development at this stage and the determination of the new economic-organizational, sociopolitical and cultural-educational tasks were continued at the Ninth (1966) and 10th (1970) party congresses. An event of great historical significance was the 11th MSzMP Congress (1975), which adopted a new program declaration of the party which said: "In the next 15-20 years we are confronted with the task of taking a new step forward along the path of building socialism, creating in the country the developed socialist society and thereby approaching even closer to the historic frontier which we have charted--communism."

Creatively combining use of the general regularities of socialist development with regard for national singularities and relying on the trust and support of the masses, in the 1960's and 1970's the MSzMP confidently directed the course of the accomplishment of increasingly large-scale tasks.

A significant step forward was taken in the economy in converting Hungary into a highly developed country. The volume of industrial production in 1980 had increased 14-fold compared with the prewar level. The sectors of the most importance from the viewpoint of the national economy's technical progress grew the most rapidly--power engineering (a 28-fold growth), machine building (33-fold) and chemistry (73-fold). Industry's share of the national income amounted to almost 70 percent by 1980. A number of sectors of modern engineering like, for example, pipe building, bus manufacture, communications equipment, medical equipment and others were created virtually from scratch.

Major successes were scored in agriculture. Since 1962 the volume of the sector's production had increased 70 percent with a reduction in the cultivable land area of 7 percent and in the numbers of those employed of 32 percent. The growth of agriculture's productiveness is attested, for example, by the increase in the average annual yield of wheat from 24.3 quintals per hectare in 1966-1970 to 40.6 quintals in 1976-1980 and of corn from 32.3 quintals to 48.5 quintals per hectare. From a country which earlier was not self-sufficient in grain Hungary became an exporter thereof. In terms of the per capita production of many types of agricultural product it is among the first states in world and has overtaken other CEMA countries.

The considerable upsurge of agriculture was achieved primarily thanks to the MSzMP's purposeful and consistent agrarian policy. It has been characterized by the utmost strengthening of the public sector in the countryside, the development of its material-technical base and all-around production intensification using the most efficient forms of interfarm cooperation and agrarian-industrial integration in close interaction with the private attached and subsidiary plots. The political experience of the work of Hungary's agricultural cooperatives and enterprises was mentioned at the 26th CPSU Congress.

The development of the leading sectors of the national economy has been conditioned by an appreciable upturn of the country's economy as a whole. The volume of the national income in 1980 increased approximately sixfold compared with the prewar period. The working people's living standard rose appreciably. Real income per capita in the period 1950-1980 increased by a factor of 3.3. Fulfillment of the 15-year plan of housing construction providing for the installation of 1 million apartments was completed in 1975. An important social gain of the people's system has been the leveling of the living standards of the working people of countryside and city.

The need for the transition to a new, intensive path had come about at the end of the 1960's in Hungary, as in a number of other socialist countries. A reform of the economic mechanism, whose implementation began in January 1968, was designed to contribute to this. It was of a comprehensive nature and encompassed all components and elements of the system of planned leadership and management of the national economy. Regarding the economic mechanism as a means of realizing its policy, which has to correspond to the requirements of actual economic reality at each stage, the MSzMP made the necessary adjustments and corrections to it.

However, the main goal of the measures which were implemented remained unchanged--increased efficiency of centralized planning as the main method of managing the economy. A significant place here in ensuring realization of the plan is assigned the system of economic levers, a broadening of enterprises' independence and the more active use of commodity-money relations. "The essence of our management system," the 12th MSzMP Congress (1980) observed, "is the socialist planned economy."

The reorganization which was undertaken stimulated the intensification process. Given continuation of the high development dynamics in the Fourth Five-Year Plan (1971-1975), the social labor productivity growth rate accelerated to 6.1 percent. Approximately two-thirds of the increase in the national income was secured thanks to intensive factors compared with 44 percent in the preceding 5-year plan. It was possible to achieve a further reduction in energy and metal consumption in production, which is important for Hungary, which is very poor in natural resources. Innovations came to be assimilated more rapidly, and the proportion of competitive products increased (over 17 percent of the industrial product is replaced in the course of 3 years in Hungary).

However, the measures adopted to enhance the efficiency of the economy proved insufficient for completely neutralizing the deterioration in the foreign economic conditions of Hungary's economic development which began in mid-1970's, the latter being heavily dependent on foreign markets. Its exports are equal to approximately half the national income. It is forced to cater for more than 50 percent of consumed energy carriers, 40 percent of raw material and over 50 percent of installed equipment thanks to imports. The growth of world prices in 1973-1974 made appreciably worse for Hungary the proportions of exchange in world trade.

The somewhat tardy reaction to the change in the foreign economic conditions of economic planning was reflected also. For a certain time the high rate of development was maintained basically thanks to the above-plan increase in capital investments and imports, particularly from the nonsocialist countries. As a result there was a sharp increase in the negative trade balance in relations with these countries and the indebtedness to them.

Having thoroughly analyzed the situation, the MSzMP Central Committee December (1978) Plenum determined upon a policy of overcoming the unfavorable trends which had been discerned. An improvement in the degree of balance of the national economy, primarily in the foreign trade sphere, given a considerable slowing of the economic growth rate and a curbing of the domestic use of the national income, was advanced as the central task. Simultaneously increased attention was paid to a further increase in the efficiency of economic planning, the fuller and more rational use of intrinsic potential, an improvement in the production structure and to ensuring the incentive nature of the system of remuneration.

The experience of recent years has proven the soundness of the chosen course: the country's foreign economic position has improved, the foreign currency indebtedness was halted and its gradual reduction began in 1982. The increase in labor productivity is outpacing production in terms of growth

rate and is completely responsible for the increase in industrial output. This is occurring given a reduction in the overall volume of capital investments, furthermore. Production's energy and metal consumption is being cut back further. Whereas in the 1970's the increase in energy consumption per 1-percent increase in national income constituted 2-3 percent, in the period 1981-1983 it declined 6-7 percent.

For the first time in the past 6 years the national income increased almost 3 percent in 1984. Industrial production increased 3 percent, agricultural production 4 percent. A record cereals harvest was gathered in the country--15.7 million tons--as a result of which per capita grain production amounted to almost 1.5 tons. The set task for the current year is to consolidate the positive process which has begun and strive for a certain increase in the rate of development. But the main attention will be paid, as before, to an increase in the degree of balance and intensification of the national economy.

A subject of the MSzMP's constant concerns is an improvement in the social-political and state system. An obligatory condition of the successful building of socialism, the program declaration emphasizes, is a further increase in the leading role of the working class and the party of communists in the life of society. Importance is attached to a strengthening of the party's ideological-political and organizational unity and the increased scientific level of the decisions which are adopted.

A big place in the MSzMP's activity is occupied by questions of the increasingly full development of socialist democracy. A big step in this direction were the changes and additions to and the approval of the new text of the constitution in 1972, which reflected the appreciable changes in the country's economic, political and social development since 1949. The implementation of measures contributing to the more expedient allocation of functions among different components and institutions of the political organization of society, an increase in the role of parliament as the supreme organ of state power, a strengthening of its control functions in respect of the government, an improvement in the activity of the deputies, a broadening of the competence of the local soviets and development of the electoral system continued in subsequent years.

A major event in the life of the communists and the entire people of Hungary was the 13th MSzMP Congress, which was held at the end of March 1985. It summed up an important period in the country's development, evaluated the results that had been achieved and analyzed existing problems and difficulties. Having confirmed the party's strategic line in the sphere of domestic policy and the main directions of its foreign policy activity, the congress determined new frontiers of work for building the developed socialist society.

A most important prerequisite for the successful accomplishment of the tasks of socialist building is ensuring favorable international conditions. This is the main goal of Hungarian foreign policy. As was emphasized anew at the 13th MSzMP Congress, Hungary is a strong component of the community of socialist states. It participates actively in the activity of the Warsaw Pact and the elaboration of the concerted foreign policy course aimed at removal of the threat of war, the consolidation of general peace and security and a

strengthening of socialism's positions in the world arena. Invariably emphasizing its interest in a maximum intensification of socialist economic integration, Hungary aspires to contribute to an improvement in cooperation within the CEMA framework and the successful implementation of the decisions of the top-level economic conference.

Hungary attaches particular significance to relations with the Soviet Union. J. Kadar emphasized: "The general course for Hungary is the development of all-around cooperation with the Soviet Union. This is our historical path, which we will never leave." The fraternal relations between the countries, which have stood the test of time, are a convincing example of the new type of relations based on the principles of Marxism-Leninism and socialist internationalism. Embodiment of the indestructible alliance is the new Friendship, Cooperation and Mutual Assistance Treaty, which was concluded on 7 September 1967. Close interaction between the USSR and Hungary, the basis of which is the unity of views of the CPSU and the MSzMP, is from year to year becoming increasingly fruitful in all spheres of political, economic and cultural life and in international affairs.

A determining role in the constant extension and expansion of cooperation is performed by the top-level meetings and exchange of opinions. This was confirmed anew in the course of an official visit to the Soviet Union by a Hungarian party-government delegation headed by J. Kadar in the summer of 1983 and the meetings of the leaders of the two fraternal parties in June of last year.

An important place in the overall complex of Soviet-Hungarian relations is occupied by the regular reciprocal visits of the heads of government, the intensive contacts at various levels on party and state lines, the exchange of parliamentary delegations and the constantly strengthening cooperation between public organizations. Our countries' relations have acquired a truly mass nature and extend to broad strata of the working people. Currently all countries and a number of cities of Hungary are twinned with union and autonomous republics, oblasts and cities of the USSR.

Trade-economic relations are developing dynamically, to which the Intergovernmental Commission for Economic and Scientific-Technical Cooperation, which was set up in 1964, is contributing to a considerable extent. Commodity turnover in the present year is to exceed R9 billion and in the period 1981-1985 will have increased roughly 1.5-fold compared with the preceding 5-year period. The Soviet Union is Hungary's most important partner (it accounts for one-third of Hungary's foreign trade). Soviet supplies satisfy 80-90 percent of the Hungarian national economy's need for such most important types of fuel and raw material as oil, natural gas, iron ore and lumber.

In turn, Hungarian supplies play an appreciable part in Soviet imports of products of agriculture, food and light industry, pharmaceuticals, means of communication, buses and certain types of machinery and equipment. For example, 70 percent of canned vegetables and fruit in the USSR are produced on production lines purchased in Hungary. Both sides are working on a study of the possibilities of a further expansion of commodity turnover and ensuring the more precise and higher-quality fulfillment of reciprocal supply commitments.

In the economic sphere the role of stable, long-term relations, which contribute most fully to satisfaction of the basic requirements of the two countries' national economies, is growing increasingly. Particular attention is being paid to coordination of the plans of economic development and a broadening of the sphere of production cooperation and specialization, on the basis of which over one-third of Soviet-Hungarian commodity turnover is realized. A new long-term program of economic and scientific-technical cooperation for the period up to the year 2000 has been signed.

Large-scale agreements, on alumina and aluminum, for example, have been implemented successfully for many years. Both sides attach great significance to the joint development of fuel-energy and raw material resources. Hungary is participating in the construction of the Orenburg-USSR western border gas pipeline, the Ust-Ilimsk Pulp and Kiyembayevskiy Asbestos works and the Khmel'nitskaya AES, the Soviet Union in the construction of the biggest project of Hungarian power engineering--the Paks nuclear power station--and coal mines and the modernization of the foundry in (Dunayvarosh), and the high-voltage Vinnitsa-Albertirsa power line has been built jointly.

The Hungarian side's participation in the modernization of a number of Soviet automotive and light industry enterprises has become an important new sphere of cooperation. The first steps have been taken in the establishment of direct economic and scientific-technical ties between Hungary and four Soviet Union republics--Azerbaijan, Georgia, Moldavia and the Ukraine. Scientific-technical cooperation, within the framework of which the application of progressive organizational forms is expanding, has been developed considerably. Relations in the sphere of culture, where a big role is performed by the Intergovernmental Commission for Cultural Cooperation, which was formed in 1967, are being practiced successfully on a planned basis.

The fraternal cohesion of the parties and peoples of the USSR and Hungary and indestructible Soviet-Hungarian friendship have become an important factor of socialist and communist building, the consolidation of the unity and cohesion of the socialist community countries and the struggle to strengthen peace throughout the world.

Forty years ago, on gaining national independence and freedom, the Hungarian people made a choice in favor of socialism and, despite the desperate attempts of internal and international reaction to halt the process of revolutionary renewal, have not departed from it. In a comparatively short period Hungary has traveled an enormous historical path. Its achievements are an impressive contribution to the experience of the creation of real socialism.

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CSSR ANNIVERSARY ARTICLE HIGHLIGHTS BLOC ECONOMIC TIES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5, May 85 (signed to press 12 Apr 85) pp 85-93

[Article by A. Yanin: "Forty Years of People's Czechoslovakia"]

[Excerpts] Nine May 1985 in the CSSR is a big national holiday--the 40th anniversary of liberation from the German-fascist aggressors and the victorious culmination of the national liberation struggle. "On 9 May 1945," the Czechoslovak Communist Party [CPCz] Central Committee and CSSR National Front Central Committee appeal in connection with the 40th anniversary of the completion of the Czechoslovak people's national liberation struggle and the liberation of Czechoslovakia by the Soviet Army observes, "...the Czech and Slovak peoples opened the new, most shining era of their history, the era of true national freedom and independence, the era of the power of the people and free labor of the people's masses, the era of the building of socialism."

Czechoslovakia is greeting the 40th anniversary of its liberation from the Hitlerite occupiers with major achievements. From 1948 through 1984 total industrial production increased 12.7-fold (28-fold in Slovakia). In less than a month the country's entire industry produces more than was produced in the bourgeois republic in a whole year (Slovakia produces as much in 5 days as in the whole of 1937). Slovakia's share of the creation of national income has increased from 19 to 29 percent. In 1984 the country's national income grew 3.2 percent, the volume of industrial production 3.9 percent and the volume of the agricultural product 3.6 percent.

The CSSR is a developed socialist state. With a population constituting less than 0.5 percent of the world population it produces over 2 percent of world industrial output. Industry's share of the creation of the national income is over 70 percent. In terms of the per capita production of steel, coal, sulfuric acid and cotton and woolen cloth the CSSR occupies a place in the world's first 10 most developed countries.

Great attention is being paid to expansion of the fuel-energy base. Coal production and power generation, at nuclear stations included, is being increased in planned fashion. The country's first nuclear power stations, which were built with the Soviet Union's assistance in (Yaslovske-Bogunitza) and the hamlet of Dukovany, have been commissioned. It is planned to generate 15 billion kilowatt-hours of power at these stations in 1985.

Metallurgy, whose share of industrial production is over 10 percent, has been developed considerably. The CSSR produces approximately 10 million tons of pig iron, almost 15 million tons of steel and 10.9 million tons of rolled metal. The East Slovak Foundry in Kosice, which was built in the 1960's with the help of the Soviet Union within the framework of the program of Slovakia's industrialization, has become the pride of metallurgical industry. The production capacity of the oldest enterprises in Cladno and Ostrava, whose high-grade steel enjoys world renown, is being expanded and modernized.

A leading place in industry belongs to machine building and metal working. Their products constitute more than one-third of total industrial production and almost 50 percent of exports. Currently this sector produces in 3 weeks as much as was produced in all of 1948. Czechoslovakia is in second place among the CEMA countries behind the USSR in terms of the quantity of manufactured rolling equipment, metal-cutting machine tools, spinning frames and looms, mainline electric and diesel locomotives, passenger cars, motorcycles and other products. The CSSR is the world's biggest producer of streetcars.

Light industry sectors--footwear, textile, food--have enjoyed great development. In terms of the per capita production of leather footwear the CSSR has reached one of the first places in the world and exports half of the manufactured product. Czechoslovak crystal and glass are widely known and are in higher-than-usual demand.

Major successes have also been achieved in the socialist transformation of agriculture. The cooperatives account for 64 percent of the cultivable land, the state farms 30 percent and individual peasant farms for 6 percent. High intensiveness is characteristic of plant growing and animal husbandry, but the achievements in grain production are particularly significant. Twelve million tons were harvested in 1984--a record for the country. The average cereals yield in the period 1948-1984 rose from less than 15.8 quintals to 47.4 quintals per hectare. Among the other crops an important place belongs to sugar beet, potatoes and hops.

Czechoslovakia is greeting the 40th anniversary of its liberation with big successes achieved by the selfless labor of the workers, peasants and intelligentsia in the course of fulfillment of the Seventh Five-Year Plan. Product quality and labor efficiency and productivity have increased markedly. The population's monetary income, social consumption and commodity turnover have increased.

Socialist economic integration is contributing to the successful development of the country's economy. "The more extensive incorporation of the country's economy in the international division of labor," G. Husak observed at the 16th CPCz Congress, "is an objective necessity. The basis of this process is the all-around development of mutually profitable trade, economic and scientific-technical relations within the CEMA framework and the deepening of the CSSR's participation in socialist economic integration."

The top-level CEMA economic conference which was held in Moscow 12-14 June 1984 is contributing to the further strengthening of the interaction and development of relations between the fraternal countries. The documents adopted by the conference testify to a new stage in the activity and development prospects of CEMA and the solution of an entire set of problems of the extension of socialist economic integration. The CPCz Central Committee Presidium and the government evaluated highly the results of the economic conference, which marks a new stage in the development of relations between the socialist countries and fraternal parties. The Czechoslovak delegation also made its contribution to the CEMA 39th Session in Havana, which was an important step on the path of the development of the fraternal socialist countries' economic integration and cooperation.

The scale and significance of cooperation with the CEMA countries are attested by the CSSR's trade volume, which in 1980 constituted 65.5 percent and in 1984 more than 78 percent of all Czechoslovak foreign trade turnover. The country's share of the CEMA states' total reciprocal trade amounts to 11 percent (this is the third indicator after the USSR and the GDR). Supplies from the fraternal states of raw material and fuel, given the shortage thereof in the country, make it possible to cater for 77 percent of the need for imports of fuel, raw material and intermediate products, 74 percent of machinery and equipment and 63 percent of industrial consumer goods. In turn, more than 80 percent of Czechoslovak machinery and equipment and approximately 70 percent of goods in mass demand are sold on the CEMA market.

Together with the other socialist community states the CSSR participates actively in the Comprehensive Program of Economic Integration, is developing production specialization and cooperation and scientific-technical cooperation and is interacting in the recovery of raw material and in joint construction projects. It took part in the construction of the oil and gas pipelines via which Soviet oil and natural gas from Siberia are supplied to the CSSR and then to Austria, Yugoslavia, the FRG and France.

Czechoslovakia is making an impressive contribution to the development of scientific-technical cooperation with the CEMA countries. In 1983 alone its research and industrial organizations participated in the fulfillment of more than 2,800 orders within the framework of multilateral and bilateral agreements. The CSSR handed over 3,622 sets of scientific and technical documents.

The friendship and cooperation of the peoples of the Soviet Union and Czechoslovakia, which withstood stern tests in the fighting against the Hitlerite aggressors, are constantly developing and strengthening. In the difficult postwar years the USSR rendered great assistance in restoration of the national economy. Some 19,300 tons of grain, 910 tons of sugar and 375 tons of salt were handed over in May and July 1945 even at the decision of the Soviet Government for the population of Prague, Bratislava, Brno and Moravian Ostrava. This made it possible to increase the population's food quota considerably.

Prior to the conclusion of the 1945 trade and economic agreement even the Soviet Union had supplied Czechoslovakia with 250,000 tons of iron and 20,000 tons of manganese ore, over 9,000 tons of flax and a great quantity of oil and petroleum products. The Soviet Government handed over gratis to Czechoslovakia its spoils of war: a works for the production of synthetic gasoline, a number of factories and plants and raw material and food stocks.

Fidelity to the goals and principles of Soviet-Czechoslovak friendship was confirmed by the new Friendship, Cooperation and Mutual Assistance Treaty signed on 6 May 1970 in Prague. It enshrined all that was positive that had been achieved in the development of relations between the countries. The treaty contained a provision to the effect that the support, strengthening and defense of the socialist gains of each country is the common international duty of all socialist states.

The basis of Soviet-Czechoslovak relations and their main driving force is the strong fighting alliance of the CPSU and the CPCz. Cooperation between the fraternal parties is of tremendous significance for the building of socialism and communism, the development of key problems of foreign policy strategy and ensuring peace and the defense of socialist gains. The most important form of interaction are visits of party-government delegations and top-level meetings and negotiations.

In the course of the meeting of the leaders of the two fraternal parties (June 1984) questions of the further extension of cooperation between the CPSU and the CPCz and the Soviet Union and Czechoslovakia were discussed. The sides noted with satisfaction that it is becoming an increasingly impressive factor of economic and cultural development and the implementation of social programs. Both sides expressed a resolve to continue to make a fitting contribution to socialist economic integration and consolidation of the cohesion of the socialist community.

The talks between A.A. Gromyko, first deputy chairman of the USSR Council of Ministers and foreign minister, and CSSR Foreign Minister B. Chnoupek in January-February 1985 contributed to a strengthening of cooperation and the deepening of interaction in the international arena. The unity of positions of the two countries on all problems of the current international situation was emphasized in the course of the talks.

Economic cooperation and the constantly growing trade ties occupy a significant place in Soviet-Czechoslovak relations. The Soviet Union is the CSSR's biggest trading partner: it accounts for 45 percent of its foreign trade turnover. Whereas in 1980 the trade volume constituted R7.2 billion, it constituted R13 billion in 1984.

Czechoslovakia supplies the Soviet Union with the most diverse products, including electric locomotives, streetcars, trolleybuses, trucks, metal-cutting machine tools, motorcycles and consumer goods. Forty percent of the export products of Czechoslovak engineering are sold in the USSR. Soviet large-series orders are a reliable guarantee of the protracted loading of Czechoslovakia's production capacity.

At the same time Soviet machinery and equipment exports are increasing constantly. The USSR supplies automobiles, tractors, combines, diesel locomotives, aircraft and mining and road-building equipment. In addition, the Soviet Union exports machinery and equipment for the sectors which play an essential part in the development of the CSSR's national economy--electronics, power engineering and communications. Czechoslovakia covers 80-96 percent of its national economy's requirements thanks to Soviet supplies of fuel and raw material (oil, natural gas, iron ore and such).

The long-term (up to 1990) program of the development of specialization and cooperation embraces many sectors of both countries' industry. Joint efforts are being concentrated in such spheres determining modern technical development as the production of energy-saving and the latest electronic equipment, particularly microprocessors, industrial robots and machine tools with program control. The CSSR's participation in the modernization and expansion of Soviet light and food industry and trade and consumer service enterprises will contribute to the further development of economic relations.

An important place in the development of economic relations belongs to scientific-technical cooperation. The CSSR makes extensive use of Soviet experience in the automation of operations at rolling mills, in pipe casting and in electronics. Construction workers are making successful use of Soviet experience in the automation of cement production and the use of thin-walled ferroconcrete structures and such. Close fraternal relations exist between the collectives of the Volga Pipe Plant in Volgograd and the K. Gottwald "Witkowice" Works in Ostrava. Welding machines manufactured by the "Witkowice" Works operate at the Volga Plant.

Joint scientific-technical and design offices working on the solution of a number of important problems are being set up increasingly often. All-around cooperation is of great benefit to both countries and testifies to the economic expediency of the socialist division of labor. A striking manifestation of the friendship of the peoples are the fruitfully developing relations between countries, cities, districts, enterprises, establishments and schools. The meetings of Soviet and Czechoslovak people develop into moving demonstrations of sympathizer-friends.

Friendship and cooperation between the Soviet and Czechoslovak peoples are strengthening from day to day. The CPSU and the CPCz see this as the guarantee of new, even more significant successes of the fraternal peoples. "Cooperation, friendship and alliance with the Soviet Union are the cornerstone of the policy of the CPCz and of the policy of the Czechoslovak state," G. Husak observed.

The CSSR is an active participant in international life. It maintains diplomatic relations with 131 states (as of 1 January 1985) and is a member of 60 international governmental and more than 1,200 nongovernmental organizations.

Together with the Soviet Union and the other socialist community states the CSSR is a state contributing to the consolidation of positive trends in the development of the international situation. "We consider," the 16th CPCz Congress observed, "the biggest success the fact that, despite all the

intrigues of world imperialism, it has been possible to preserve peace. As a counterweight to the imperialist policy of force and diktat, confrontation and the kindling of conflicts and the arms race it has been possible thanks to the multifaceted assertive activity of the Soviet Union and the other socialist community countries to develop the detente process, strengthen international security and achieve new successes in the struggle for peace, social progress and the freedom of the peoples."

The dependable and effective path of a solution of urgent present-day problems is, as the Czechoslovak leadership believes, realization of the Soviet Peace Program for the 1980's. The CSSR advocates a curbing of the arms race and disarmament, the liquidation of centers of tension in different regions of the world and the solution of contentious issues by way of negotiation. Its efforts are aimed primarily at preventing nuclear war, preserving peace and ensuring security in Europe and throughout the world.

Under the conditions of exacerbation of the international situation particular significance is attached to the close military cooperation of the Warsaw Pact states and the strengthening of their defense might. In connection with the deployment of the new American intermediate-range nuclear missiles in West European countries the need arose for the adoption of retaliatory measures to ensure the security of Czechoslovakia and the entire socialist community. In accordance with an arrangement between the CSSR and the USSR, tactical missiles were deployed on Czechoslovak territory.

Czechoslovakia fully supports the Soviet Union's position concerning new negotiations with the United States contemplating the examination in a complex of problems of the nonmilitarization of space, strategic arms and intermediate-range nuclear weapons. Czechoslovakia, a consistent supporter of the policy of peaceful coexistence, is contributing to the establishment of relations of fruitful international cooperation. It participated in the all-European conferences in Madrid and Stockholm. Together with the other socialist countries the CSSR proposed the conclusion of a treaty on the mutual nonuse of military force and the maintenance of relations of peace between the Warsaw Pact and NATO states.

The CSSR participates assertively in UN activity. At its suggestion in 1979 the United Nations adopted the Declaration on International Cooperation for the Achievement of Disarmament. In 1981 it submitted a draft resolution on international cooperation for disarmament which calls for compliance with the adopted declaration. In 1982 the United Nations approved a further two Czechoslovak draft resolutions on questions of limiting the arms race and on disarmament. In conjunction with the other socialist countries the CSSR participates actively in the Vienna talks on a mutual reduction in armed forces and armaments in Central Europe and aspires to the achievement of a positive agreement on these issues.

Consistently supporting the peoples' just struggle for complete liberation and independence, Czechoslovakia advocates the granting to the Palestinian people of the right to self-determination, including the creation of their own state, and a peace settlement in the Near East and supports the courageous struggle of the peoples of Central America and the Caribbean for free and independent development without foreign interference.

The Czechoslovak working people are greeting the 40th anniversary of the victory over fascism and the 40th anniversary of their liberation in an atmosphere of political and labor enthusiasm. Implementing the decisions of the 16th CPCz Congress, they are continuing by their labor to multiply the country's economic and spiritual potential. Together with the other socialist countries the CSSR is making an impressive contribution to the struggle to strengthen the unity and might of the socialist community and for peace and the security of the peoples.

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JOURNAL ROUNDTABLE ON LATIN AMERICAN ECONOMIC PROBLEMS

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[MEMO roundtable discussion: "Latin America: Contradictions of the New Stage"]

[Text] Opening remarks of Corresponding Member V. Vol'skiy, director of the USSR Academy of Sciences Institute of Latin America: The perception of a serious change in the economic and sociopolitical situation in Latin America and, incidentally, of the entire world situation is ever-present today not only in social scientists but also simply attentive observers following the events of our tempestuous time. The end of the 1970's and start of the 1980's were marked by a sharp exacerbation of contradictions globally, the increased confrontation of the forces of peace and war and new desperate attempts by imperialism and reaction to turn back the course of history and block the advance of socialism and the spread of the mass movement for social progress, democratic forms of social and political life and against poverty and class exploitation and neocolonial oppression. All this is occurring against the background of the profoundest (still not completely overcome) cyclical recession in the world capitalist economy and a further deepening of the general crisis of capitalism.

In one way or another these contradictions affected Latin America in the past also. But at the current stage for the first time perhaps all the basic contradictions of the era have begun to operate here directly and simultaneously. In turn, they are interweaving with specific contradictions--a product of the deformed capitalist development of the countries of the region. It has to be seen here that the Latin American peoples' liberation struggle is developing under particularly grim conditions for they are confronted directly by the main center of imperialism, which continues to regard the region as a sphere of its exclusive economic, political and military-strategic domination.

In studying the rapidly changing situation in the world and Latin America therein we cannot and should not count on long, "academic" time periods. Life demands of us an acceleration of the rate of scientific comprehension of reality. And collective efforts are needed for this. This is why the invitation of qualified specialists from various research centers to a general "roundtable" for an exchange of opinions on the current stage in the development of Latin America is a timely and very useful business.

The central topic of discussion are the changes of the recent period. The task is, in our view, to ascertain to what extent these changes are grounds for the conclusion concerning a new stage of the Latin American countries' socioeconomic and political development and, if so, what its basic characteristics and main contradictions are. And in this connection a number of related questions arises which could be broken down into several groups.

First, there arise questions concerning the very nature of Latin America's contemporary social development, the combination therein of the general and the particular for the present and the long term and then the significance of the latest cyclical crisis and its impact on the region; the subordination of its economy to international finance capital under the new conditions and in the new forms, the consequences of "development on credit" and also the economic policy of the ruling circles of individual countries and their attempts to find a way out of the present critical situation.

Second, we are confronted by questions connected with the reflection of the changes in the base objective conditions in the domestic political situation. Thus it is a question of the influence of the "transnationalization" process and the economic crisis on the social structures and class conflicts, of the change in the composition of the participants in the anti-imperialist movement and the content of the masses' demands and of the role of traditional and new political organizations. We have to discuss the problem of the formation and struggle of the proletariat, address the positions of its allies and enemies and study the problems and difficulties of the formation of a revolutionary vanguard and the prospects of the blocs of the left and broad democratic coalitions. And, of course, during this analysis we cannot fail to pay the closest attention to the events in Central America and the advance of democratization in the countries of the Southern Cone.

Finally, the "roundtable" program contains the new trends in the foreign policy sphere, the impact of the socioeconomic changes, the development of the anti-imperialist movement and the revolutionary process and the alignment of class forces on international relations and also the foreign policy positions of the Latin American states. The problems of relations with the socialist community and the Latin American republics' participation in the nonaligned movement merit special attention. We have to investigate the possibilities and limits of the U.S. imperial diktat under the new conditions and, on the other hand, the potential of "Latin American solidarity" for resisting this diktat.

In short, there are many questions, too many, perhaps. It cannot be ruled out that the "roundtable" participants will not find answers to the entire range of problems. But the discussion will have fulfilled its "program minimum" if the study of the questions raised is directed in the central channel of our debate. There is another important condition also. In order to judge the present stage and, even more, the outlook and in order to have a general platform for the discussion it is essential to evaluate the results of foregoing development. The situation in Latin America cannot be examined in isolation, unconnected with general world conditions and the changes in the alignment of forces globally. And finally, we need to bear in mind constantly that

Latin America is not, of course, something integral providing, in any event, grounds for simple evaluations. A specific analysis of a specific situation has always been a good tradition of Soviet scholars. The unity of a number of features and processes is revealed and divided into parts precisely in the multiformity of the nationally particular.

V. Davydov (USSR Academy of Sciences Institute of Latin America): Evaluating the results of the development of the Latin American countries and their place on the socioeconomic map of the modern world we discover many indications which point to the completion of a certain historical stage and the start of a new one in the region. The dividing line, we believe, is drawn by the two latest cyclical crises--of the mid-1970's and the start of the 1980's.

With what "luggage" did Latin America approach this line? The main result is obvious. Although the region represents a complex sum of states at different levels of economic development and different stages of capitalist "maturity," there is every reason to assert that in terms of the main criteria bourgeois society is already firmly established here. The life of the overwhelming majority of Latin Americans is currently subordinated to capitalist production relations.*

However, while noting the considerable advance of the countries in question along the capitalist path it should not be forgotten that it has been effected under particular historical conditions cardinally different from those in which the formation of the old centers of capitalism occurred. After all, the formation of bourgeois society in these countries pertains to the era of imperialism, more precisely, to the time of the development of the general crisis of capitalism. Besides, its establishment here as the predominant system of relations has occurred in the atmosphere of the scientific-technical revolution, which has made fundamental changes to the development of the production forces at the international level. A particular mark was made by the effect of the universal law of capitalist accumulation on a world-economic scale and the imperatives of the changing international capitalist division of labor. Further, the historical background of the bourgeois "maturation" of recent decades has been determined by the confrontation of the two opposite social systems, the emergence in the arena of world politics and economics of a populous group of developing countries and the new global correlation of forces.

All this could not have failed to have introduced qualitative singularities to the internal economic and social structures, the nature of foreign economic relations and the position of the Latin American countries in the international arena. The classical logic of the natural-historical movement of capitalism usually connected with the consecutive passage of a number of phases was breached here. The implantation from outside of "overripe" structures began at an early stage. Dependence (both as an external and internal factor) was the most important number of features characterizing the bourgeois society, which was formed under the particular conditions of the region.

* It is not a question, of course, of socialist Cuba and revolutionary-democratic Nicaragua, where a narrowing of the sphere of operation of the laws of capitalism is occurring.

An intricate interweave of contradictions is inherent in this society. The masses suffer from multistrata oppression--from usurious to modern monopoly. In turn, imperialist policy and the operations of the transnational corporations (TNC) and the banks (TNB) also infringe the interests of a considerable proportion of the local (even haute) bourgeoisie. Although the latter is increasingly forced to consent to compromise and to "associate" with foreign monopoly capital, this does not remove the divergence of their interests--the basis on which conflicts and centers of confrontation arise.

Fundamental for the countries of the region are the contradiction between labor and capital in general insofar as a certain capitalist maturity exists and the conflicts of the broad masses of the population with the forces of imperialism. This is explained by the continued economic dependence and the continuation (and currently the toughening) of imperial political diktat exercised by the United States.

Thus the Latin American countries are currently in a dual position, as it were. In terms of the intrinsic content of the production relations which are predominant in society they are, despite all the socioeconomic specifics, organic members of the capitalist world, although forming a particular group therein. But as a target of imperialist policy and exploitation on the part of international finance capital and at the same time as the subject of anti-imperialist resistance, these countries are linked with the Afro-Asian mass of developing states.

An important result of recent decades is the separation in the region (which earlier also was far from any homogeneity) of a group of large and mid-sized states where the concentration and centralization of capital have reached quite a high level and where together with foreign monopolies monopoly associations formed on the basis of local capital operate. The latter have directly or indirectly been forced to enter into relations of cooperation and association with the TNC and TNB. The emergence of joint-venture finance-industrial groups, in particular, testifies to this. The union of states' administrative-economic machinery with local monopolizing capital and foreign monopolies has begun.

The results of this process are grounds for speaking of the emergence of elements of state-monopoly capitalism. Yet this phenomenon should be viewed not only from the viewpoint of the universality of the stadial development of capitalism but also through the prism of the objectively conditioned distinctiveness in the inception of state-monopoly capitalism on the periphery of world capitalism. It is also essential to take into consideration the fact that premonopoly social structures and forms of the organization of capital are being reproduced in parallel here on a broad scale, while the dependence factor is by no means being removed. It is acquiring new content.

A qualitatively new feature is the fact that U.S. imperialism is losing the monopoly of domination in the region, although it remains the leading exporter of capital to the Latin American countries and their main trading partner and continues to exert a strong political influence on them. Present is a manifestation of the general trend toward the transition from the mono- to the polycentric structure of world capitalism. But it is particularly significant inasmuch as it is a question of a traditional zone of influence of the United States.

The overcoming of the region's long isolation from the socialist community should be considered a change of a fundamental nature. Trade-economic and scientific-technical contacts between the two groups of states have expanded appreciably in the past decade. A trend toward a strengthening of relations among the Latin American countries themselves and also toward the development of economic relations with the Afro-Asian part of the developing world has been manifested. In other words, a reorientation of Latin American states' foreign economic relations, a breach of the classical neocolonial outline constructed along a "vertical" line (the leading center of capitalism--its periphery), the transition to a diversified structure of relations with the centers of imperialism, the establishment of "horizontal" relations (periphery--periphery) and emergence beyond the confines of the world capitalist economy have begun.

This reorganization (which has a definite framework, of course) has been conditioned by the strengthening of the socialist system, the objective similarity of the interests of the developing countries and the corresponding opportunities for their joint protests in the international arena. We would add that it is a question of factors contributing to deviations from the logic of dependent development.

Attention has to be drawn to the change in the material-technical base of the Latin American economies and the complication of their internal structure. A significant industrial sector has been formed in the economy of many countries. The production of producer goods has been organized in the large and middle (in terms of economic potential) states. Brazilian, Mexican and Argentine enterprises have embarked on the export of consumer and production industrial products. Major local companies are winning contracts for the fulfillment abroad (mainly in Latin America itself and the Afro-Asian countries) of transport, industrial and civil construction projects. Brazil has become a major exporter of military equipment. Arms supplies abroad are made on a more modest scale by Argentina.

Despite the continued overall dependence on the capital and technology of the imperialist centers, opportunities have arisen in the economically more developed countries of the region for the independent solution of a number of tasks of economic and technical development. But we cannot, of course, in highlighting the more developed countries forget the situation in the less developed. A steady trend of economic and scientific-technical lagging lengthening the distance which separates them from the advanced industrial states of the capitalist world is to be observed here. And the accomplishment of the large-scale economic tasks here inevitably goes beyond the framework of intrinsic potential.

Nonetheless, for Latin America as a whole recent decades have been characterized practically universally by the accelerated development of capitalism. The expanded reproduction of bourgeois structures has occurred both on a domestic basis and under the influence of the region's increasingly intensive and diverse involvement in the world capitalist economy. The quite high economic growth rate has been explained on the one hand by the clearing of internal socioeconomic space for capitalist production (thanks to national and subregional markets) and the increased level of accumulations and labor

productivity. On the other, changes in the global imperatives of the international capitalist division of labor, the overaccumulation of capital in the centers of imperialism and the concern of the TNC and TNB to take advantage of the region's growing economic potential on a modernized basis have been reflected.

The export of entrepreneurial capital to Latin America has been reoriented according to the principle: produce industrial commodities in the region, market locally, produce in the region, market in the developing world and even in the centers of the capitalist system. The scale of TNC business in "technology transfer" has grown. The modernization and consolidation of production here has sharply increased the demand for capital, which has exceeded the possibilities of internal financing and even the influx of foreign loan capital on its traditional scale--predominantly from state sources. In practically all countries the ruling circles have abandoned urgent reforms contributing to liquidation of the bottle neck of accumulation in the long term, in other words, the bringing of bourgeois transformations to the logical conclusion. Maintaining allegiance to the social status quo, the powers that be made a different choice which has an effect in the short term. They turned to foreign sources. Yet loan capital has come to be attracted mainly via the channels of private banks, which has resulted in an increase in the cost of credit. The "overheating" of the economic mechanism of the main imperialist power and the growing burden of military spending on its financial system have led to the same thing. As a result the "easy money" has proven "costly money" for the Latin American states.

The change in the nature of the region's economic relations with the centers of imperialism has been accompanied by the transition of the majority of its states from Keynesian principles of economic policy to monetarist outlines of market regulation. This orientation has not only been encouraged by the monopoly capital of the centers but also imposed by way of diktat (by U.S. Government authorities, international credit institutions and so forth).

Since the latter half of the 1970's there has been a sharp increase in the outflow of financial resources from the region--as a result of the TNC's manipulations with transfer prices, the transfer abroad of foreign companies' growing profits and the increasingly big payments for technology imports and, the main thing, to pay off the foreign debt. The gap between the actual solvency of the Latin American states and the requirements of foreign debt servicing has begun to grow at a menacing rate. New loans and credit have begun to be attracted predominantly for the purpose of leveling the balance of payments. By the start of the 1980's "development on credit" had brought many states to the brink of financial collapse. The situation has been made worse by the very severe cyclical recession. The critical situation shows that the capacity for sustaining the foreign debt burden is exhausted. The countries of the region will hardly be able to cross the frontier that has been reached of "paying off old debts with new ones". And not only because the national economy is no longer capable of coping with the financial burden even in the distant future. The TNB themselves have cut back the granting of credit to Latin American states.

The impact of the cyclical crisis of the start of the 1980's is largely different from what has been observed in the past. This has been the most profound and protracted recession in the world capitalist economy since the 1929-1933 period. It has affected essentially all spheres of economic life. No country of the nonsocialist world virtually has succeeded in escaping it. For a long time the effect of state-monopoly regulation exercised by the centers of imperialism not only at the intranational but also international level made it possible to "smooth over" the cyclical fluctuations. But with the onset of the new stage in the development of the world capitalist economy connected with the domination of the TNC and TNB there has been a certain release of the supermonopolies from national-state control.

Under the changed conditions there has evidently been a new "outbreak" of the spontaneity of capitalist production and the market. It has been intensified by the impact of scientific-technical progress and the sharply increased degree of the internationalization of capital and economic life as a whole. All this has brought about the rapid and intensive transfer of the impulses of the crisis to the periphery of the world capitalist economy, particularly in its Latin American zone--the most "transnationalized". It is also possible that the impetus of the "last generation" of scientific-technical achievements is being exhausted, which is indicated by the pronounced slowing of labor productivity growth in the developed capitalist countries.

The region's accelerated involvement in the economic system controlled by international finance capital and the appearance on this basis of new means of economic influence and compulsion have created conditions for the external "runoff" of the costs of the crisis. The main center of imperialism is making extensive use of such possibilities, employing, inter alia, an overstated loan interest rate and imposing strict protectionist restrictions. The other imperialist centers are suffering from this, of course. But they, as distinct from the Latin American countries, are capable of putting up a certain resistance and somehow neutralizing the "export" of depression from the United States.

How specifically has the latest cyclical crisis been manifested in Latin America and what has it shown?

First, having undergone certain changes and demonstrated at the preceding stage the possibilities of certain deviations from the logic of relations of domination and subordination, the model of dependent capitalist development continues to operate in principle. In addition, the region's accelerated involvement in the economic system controlled by the imperialist centers which occurred in the 1960's-1970's led on the one hand to the increasingly great subordination of its economic dynamics to the cyclical course of reproduction in the centers and, on the other, to the increased degree of vulnerability of the "peripheral" economies to the crisis impulses emanating from the centers, primarily the United States.

Second, in the course of the latest crisis Latin America suffered for the first time perhaps to a greater extent than the developed capitalist countries. In addition, the economic recession in the region was far more prolonged. In the centers of imperialism it lasted 2 (in the worst case 2½-3) years; in the vast majority of Latin American states, however, it lasted almost 4 years (1981-1984). The crisis affected practically all sectors and, as distinct from the 1974-1975 crisis, all countries--not only the importers but also the exporters of oil. A qualitative distinction also is the fact that the unfavorable situation in foreign trade and in the production sector was complicated to an unprecedented extent by the foreign debt crisis and the disturbance of the national financial systems.

Third, the latest cyclical crisis drove the countries of the region back from the viewpoint of their participation in the international division of labor. The export structure regressed toward greater raw material specialization. The proportion of finished industrial products declined.

Fourth, the crisis of the start of the 1980's was accompanied in Latin America by most severe social "costs," which were considerably greater, furthermore, than in the developed capitalist countries. The level of unemployment almost doubled (and tripled even in a number of cases). All this time inflation not only approached but frequently went over the 100 percent per annum mark. The number of bankruptcies grew to record proportions. There was a forcible concentration and centralization of capital. An extremely limited group of the local monopoly bourgeoisie and, as a rule, the TNC were the winners from this. The majority of the local bourgeoisie, on the other hand, suffered considerably from the crisis. The living standard of the middle strata declined sharply. But it was the working masses which found themselves in a truly disastrous situation.

Finally, and this is particularly important, the cyclical recession of the start of the 1980's was superimposed in Latin America on the structural social crisis. The aggregate effect was a considerable rise in social tension and exacerbation of the political struggle. Discontent is becoming universal, embracing even the privileged strata. Such a turn of events is troubling the powers that be not only in the countries of the region themselves but in the centers of imperialism also. Farsighted Western politicians recognize that the restoration of socioeconomic equilibrium on the periphery will contribute to the general stability of the bourgeois world and the securing of the long-term interests of monopoly capital.

The crisis, which erupted at the new stage of internationalization of the capitalist economy, is forcing essential adjustments to be made to the evaluation of the prospects of the socioeconomic development both of the capitalist world as a whole and the region in particular.

Obviously, the crisis of the start of the 1980's "drew a line" beneath the period of relatively stable and rapid economic growth. Despite the pronounced recovery of business activity, in the centers of imperialism some specialists are still pessimistic in their evaluations of economic prospects. Emphasizing the artificial nature of the recovery in the United States, the menacing size of the budget and trade deficits, the continued high level of the

bank interest rate and a number of other indications, they are predicting the proximity of a new recession in the American economy. As far as Latin America is concerned, even given a consolidation of the economic recovery in the centers of capitalism, the states of the region will only be able to overcome the recession considerably later. According to entirely substantiated forecasts, the majority of countries will be able to restore the precrisis potential only by 1986-1987. Considering the long-term consequences of "development on credit" and the growing structural vulnerability of the economic systems of the region, it may be assumed that even at this stage of upturn the economic growth rate here will on average be lower than in the 1960's-1970's. The trend toward the increasing involvement of the Latin American countries' economy in the cycle of the world capitalist economy, given the weakness of their protective mechanisms, points to the fact that Latin America will react to subsequent cyclical recessions more acutely and painfully than the capitalist centers.

A return to the concepts of economic policy of the 1950's-1960's, when preference was given to the dirigiste principles, neo-Keynesian prescriptions and protectionist and reformist precepts of the Cepalistas,* will hardly be possible in the future. World-economic realities are forcing the region's states to come to terms in one way or another with the TNC and TNB and the new forms of the functioning of international finance capital integrating the national economic structures. At the same time, on the other hand, it is reasonable to expect a change toward more cautious relations with foreign capital and new attempts to control the foreign trade sphere. The states' direct participation in economic affairs and use of the resources of intraregional integration require greater (again compared with the latter half of the 1970's) attention. At the same time it is perfectly obvious that a long period of "strict economies" (at the expense of the people's masses, of course) for the sake of restoring the economic equilibrium disturbed by the cyclical recession and "development on credit" awaits the Latin American countries.

A trend toward the increased concentration and centralization of capital was observed in the countries of the region in the last decade. This "natural selection" assumed a particularly acute nature in the crisis situation of the start of the 1980's. The wave of bankruptcies seized even major financial-industrial groups. To all appearances the latest crisis is accelerating the reorganization of the economy in a monopoly key. It is also influencing the states' further differentiation. And in this respect the results of the 1981-1984 period are highly symptomatic: in Brazil the aggregate rate of increase in the gross domestic product constituted in this period minus 0.3 percent and in Mexico plus 4 percent. In Argentina, Venezuela and Chile it was a negative value within the limits of 5-6 percent and in Bolivia, El Salvador and Uruguay over 12 percent. If we consider the effect of the demographic "explosion," converting this indicator to a per capita measurement, and eliminate the more than impressive "weight" of the two biggest states, the conclusion concerning the further "downward" separation of the bulk of the states is not in doubt.

* Representatives of the ECLA (CEPAL)--UN Economic Commission for Latin America--school (ed.).

In viewing long-term prospects it cannot be forgotten that for capitalism crisis means not only the devastation of the economy but also the temporary resolution of accumulated contradictions and restoration of the disturbed equilibrium on a new basis. The depth of the crisis usually indicates the scale of possible qualitative changes. And if we judge according to the depth of the latest crisis, this scale could prove appreciable primarily for the main centers of the world capitalist economy and subsequently for the Latin American periphery, where the traditional cycle is of a predominantly reflected nature.

Yet periodicity in the reproduction dynamics of capitalism is not exhausted by a cycle which is contained within a decade. K. Marx's observations, which were corroborated subsequently by empirical research, ascertained far longer differences in business conditions encompassing several decades. The basis of such phenomena are structural shifts in the general conditions of reproduction and fundamental changes in its technological base. It would seem that their time frame is marked by inordinately profound crises like the slump of 1929-1933 (and, very likely, of the start of the 1980's also). At least, it may be assumed that the current shifts mark the start of a new stage, more precisely, the first phase thereof, when the economic growth rate slows in the process of the structural and technological reorganization of production (primarily the introduction microelectronics and biotechnology).

Given such a reorganization, Latin America (as, incidentally, the entire developing world) will find itself in an extraordinarily difficult situation. The decline in the rate of increase in GNP in the centers of capitalism will reduce the possibilities of the countries of the region in the sale of their products via foreign trade channels, which is so necessary for states caught in the noose of foreign debt. In turn, technological reorganization in the centers will raise the demand there for loan capital. And this (keeping interest at a high level, incidentally) will limit its entry into the periphery. Reversals of the trends of the 1970's in the flow of foreign capital into Latin America--a shifting of the accent from loan capital to entrepreneurial capital--may be anticipated in this connection. Technological reorganization based on microelectronics and biotechnology threatens many of the region's export commodities with a loss of competitiveness and, it cannot be ruled out, the reverse transfer of some TNC affiliates to the developed capitalist countries. All this (not to mention the inevitable reduction in the labor-intensiveness of the imported technology) will naturally make the situation in the employment sphere worse.

Of course, the future cannot be determined by such trends alone. Microelectronics and biotechnology will of course open broad opportunities for delivering the developing countries from mass poverty and starvation and the solution of other most important problems. Microelectronics may in principle give a second life to small- and medium-scale production, which forms the bulk of the economy in Latin American countries. However, the barriers being erected by the international capitalist division of labor and the internal social arrangement are masking such a prospect. The objective need for the removal of existing barriers will undoubtedly grow. And their preservation will merely lead to the accumulation in the countries of the region of socially and politically explosive material.

N. Zaytsev (USSR Academy of Sciences IMEMO): The crisis of the start of the 1980's is rightly regarded as a dividing line on the way to the new stage of the development of the Latin American countries, whose contours are merely being identified at the present time. The scale and extent of the impact of the crisis on their economies and social sphere are unparalleled in the last 50 years.

First of all the crisis embraced practically all countries and the majority of the basic sectors of the economy and was the most prolonged in postwar history. Thus a negative growth rate of the gross domestic product over a minimum of 1 calendar year was recorded in all these countries with the exception of the Dominican Republic, Colombia and Panama in 1981-1983. Production in manufacturing industry declined 15 percent from 1980 through 1983. There was a pronounced reduction in investments and the volume of credit-finance transactions, domestic trade and capital construction. Only a negligible increase (0.1 percent in 1982 and 0.8 percent in 1983) was observed in agriculture. As a whole in the said period only the above-mentioned countries and also Nicaragua, Paraguay and Ecuador managed to achieve a certain increase in the gross product.

There was a sharp deterioration in the basic indicators of foreign economic relations, including an increase in expenditure connected with paying off debt and the payment of interest thereon and also transfers of TNC profits, currency reserves declined, imports were reduced and the national currency exchange rates fell sharply as a consequence of constant devaluations.

The crisis was profoundly stunning to the sphere of social relations. The Quito Declaration, which was adopted at the First Latin American Economic Conference at the level of heads of state and government or their empowered representatives (January 1984, Ecuador), observed that "the most disastrous consequences of the crisis in the social sphere are being manifested in an increase in unemployment to levels unprecedented in our history, an appreciable decline in real personal income and a sharp deterioration in the population's living conditions, which is having growing serious consequences for the political and social stability of our peoples and which, in turn, if it continues, could have an even greater negative impact on our economies."*

Indeed, the level of inflation, which annually constituted an average of 36 percent here in 1975-1980, rose to 63 percent in 1981 and 80 percent in 1982 and reached 130 percent in 1983. Remaining extremely acute are the problems of employment (28 percent of the economically active population is fully or partially unemployed), access to education (the level of illiteracy among the adult population fluctuates depending on the country from 5 to 40 percent), medical aid and so forth. Some 40 percent of families in Latin America or 100 million persons lack sufficient means of subsistence. Income distribution, whereby 10 percent of families concentrate 44 percent of total income, while 40 percent of poor families account for only 8 percent, remains extremely unfair.

* Quoted from GRANMA, 18 January 1984.

The crisis was largely born of causes of a cyclical nature, however, serious structural disproportions in the economy of the countries of the region have assumed tremendous proportions largely by virtue of the negative impact of external factors. Economic recuperation can hardly be expected without its removal or, at least, it being smoothed over.

The question of the correlation of internal and external factors in the emergence of a crisis is highly complex. The determining role in the Latin American countries' economic development is undoubtedly performed by internal factors, conditioning its singularities and contradictions, including the disturbances of reproduction quotas. In recent years internal factors, both of an objective nature and in the form of the actual economic policy of individual governments, have created the prerequisites for crisis, as it were. However, a considerable part in its emergence has also been played by negative impulses from outside. ECLA experts, for example, are convinced that "it was the unique and unprecedented combination of unfavorable external factors which was the main cause conditioning the emergence, length and universal nature of the crisis and also the high price of the process (of economic--N.Z.) reorganization and the fact that a considerable number of countries was forced to take steps for negotiations (concerning deferred payments--N.Z.) on the external debt."*

Proceeding from the high degree of influence of external factors on the emergence of the crisis in Latin America, namely, the structural and cyclical crises in the Western states also and the vulnerability of the external sector of the economy of Latin American countries owing to the inordinate attachment of their economic development to the reproduction cycle of the capitalist centers, it is possible to speak of its reflected nature.

The active integration of Latin America in the world capitalist economy in the 1960's and, particularly, in the 1970's, although contributing to a certain extent to maintaining a high economic growth rate, ultimately led to the hypertrophy of the external sector of the economy. The appreciable growth of the role of foreign trade (both quantitative and qualitative) and the concentrated attraction of financial resources from abroad made the reproduction process here closely dependent on the world capitalist economy and contributed to a deepening of economic problems and disproportions. The exacerbation of economic difficulties under the impact of the crisis in the centers of capitalism in connection with the internal socioeconomic problems which were unsolved in the "growth without development" period led to the slowing of and subsequently to a reduction in 1982 and 1983 in the rate of increase in the gross domestic product both in absolute terms and per capita. As a result the region was driven many years back in terms of this most important indicator.

According to available data, throughout the 1970's-start of the 1980's there was a marked increase in the foreign trade volume, along both import and export lines, the import coefficient, the volume of foreign private direct investments, the foreign debt and a number of other indicators. The policy of

* "Adjustment Policies and Renegotiation of the External Debt". Doc. E/CEPAL/G. 1929, Santiago, February 1984, p 6.

the utmost use of foreign economic relations as a most important instrument of development was forcibly brought to a halt by the crisis in the capitalist centers and the selfish policy of the Western powers, primarily the United States, aimed at alleviating the difficulties which had arisen by all measures, not least at the expense of the Latin American and other developing countries, and facilitating their extrication from the crisis.

The basic channels of "transfer" of the crisis were foreign trade and, particularly, the currency-finance sphere.

Under the conditions of reduced demand and the structural reorganization of the economies of the Western states, a manifestation of which was the trend toward a further reduction in material consumption, a sharp reduction in material consumption, a sharp reduction in world raw material prices was observed at the start of the 1980's. In the period 1981-1982 the prices of the raw material exported by the Latin American countries were in real terms at the lowest level of the preceding 45 years.

Under the conditions of the difficulties being experienced by their economies the developed capitalist powers tightened protectionist measures in respect of the finished products of countries of the region. The negative effect of these measures was very significant. The result of them was a reduction in these countries' currency proceeds--the main source of covering import expenditure, which was vitally important for maintaining a normal rate of economic development, and also for paying off debt obligations. The problem of regulating the balance of payments also was exacerbated as a consequence of this. Closely linked with the Western powers' protectionism were certain other elements of their trade policy, primarily the use of discriminatory principles legally enshrined at national and international levels and also economic measures applied for political motives against individual states.

The most dramatic situation for many Latin American countries took shape in the currency-finance sphere: their foreign debt assumed astronomical proportions. Settlement of the debt problem as a whole and individual aspects thereof became the main concern and most important component of economic policy. As a result, as one Latin American journalist observed, "the tail began to wag the dog" in this policy. This problem went beyond the framework of economic relations between states of the region and their creditors and essentially became a political problem.

The crisis in the economy and social sphere was also a crisis of development models based on undue reliance on foreign economic relations and market factors of growth. It is the customary belief that in the 1970's--start of the 1980's the majority of Latin American countries opted for a path of development oriented toward export growth incentives. In practice, however, the said model was transformed, as it were, into its opposite, that is, became "import-oriented". Indeed, right up to 1983 there was a growth in the volumes and also the coefficient of imports (the latter exceeded the export coefficient in that period, furthermore) and the foreign debt both in absolute terms and the relatively most important economic indicators. The entire reproduction process in the countries of the region proved in the years in question to be tied even more to the import component in the commodity form

(imports of machinery and equipment, components and parts for them, fuel and so forth), in the form of capital (production and loan) and in the form of services, primarily to ensure the normal functioning of the commodity-producing network.

The bankruptcy of the given models is also a reflection of the ideological groundlessness of the paths of economic and social development imposed by the West. The well-known Latin American economist R. (Prebisch) emphasizes that the very development of the region's economy in the 1970's and the start of the 1980's "has dispelled the myth of the spread of capitalism on a worldwide scale and also of the development of the periphery in accordance with the model and likeness of the centers. The myth of the regulating nature of market laws is dispelled also."*

What, then, are the prospects of a way out of the crisis, what paths are being chosen to overcome it?

Although distant prospects of growth of the economy and foreign economic relations can hardly be determined with sufficient certainty, it is nonetheless clear now that the goal-oriented targets of the Third International Development Strategy and Regional Action Program for Latin America for the 1980's will not be met. The realization of later outlines of the region's economic development for the current decade compiled at the end of 1982 by the ECLA forecasts center is also quite problematical. According to it, the average annual rate of increase in the gross domestic product is to constitute 3.8 percent in the period 1981-1985 and from 6 to 7.1 percent in the following 5-year period. The dynamics of economic development in the period 1981-1984 are such that a rapid upturn in the immediate future is not to be expected, while the prospects for the latter half of the 1980's largely depend on factors which lay outside of Latin America.

Thoughts concerning immediate prospects expressed at the ECLA 20th Session by E. Iglesias, then executive secretary of this organization, would appear more realistic. Proceeding from the assumption that in the remaining period of the 1980's more favorable external conditions will prevail, that is, the economy of the OECD countries will develop at an annual rate of approximately 3.5 percent and that Latin America's exports will grow at an annual 3 percent, while the bank discount rate (in real terms) will be at a level close to 6 percent, the region will be able to maintain right up to 1990 an average annual rate of increase in the gross domestic product at a level of 4 percent. However, even in this case its per capita value up to the end of the decade will not attain the corresponding 1980 indicator. Thereby, E. Iglesias believes, "Latin America... will lose an entire decade from the viewpoint of its economic and social progress, which will lead to a deterioration in the population's living conditions."**

Specification of this forecast by ECLA experts shows that resorption of the consequences of the crisis will not be completed in the 1980's, while certain

* REVISTA DE LA CEPAL No 13, 1981, p 171.

** E. Iglesias, "Latin America: Crisis and Development Options," ECLA, Lima, 3 April 1984, p 28.

problems even under the conditions of sufficiently dynamic growth not only will not be smoothed over but could, on the contrary, become more complicated. Given this economic growth rate, the average annual increase in the gross domestic product per employed person will not exceed an annual 2 percent (compared with 3.2 percent in the 1950's-1970's), which will make it possible to provide work for only a negligible proportion of the anticipated annual increase in the labor force (0.3 percent of 2.8 percent). Thus by 1990 approximately 90 percent of the new replenishment on the labor market will be unable to find work and the number of unemployed in Latin America will have risen by a further 35 million. "As far as satisfaction of the most urgent needs of many social groups which were already living at the start of the 1980's in a situation of dire poverty is concerned," an ECLA report notes, "no solution is in sight here."*

ECLA experts also believe that trading conditions unfavorable for the region will continue throughout the current decade, as a result of which and also of the imbalance between exports and imports the real transfer of resources from Latin America via trade channels will be in excess of \$65 billion (in 1975 prices). Big difficulties for the Latin American countries, particularly those which relied in the 1970's on neoliberal development prescriptions, are being created by the need for an appreciable reduction in imports and the corresponding reorganization of their economic structures.

Throughout the period 1984-1990, as ECLA specialists believe, the debt payments will be at a level close to 100 percent of the value of exports. By virtue, however, of the deteriorating debt structure (the reduced term of payment and the high interest), "the Latin American countries will be forced to constantly resort to negotiations (on deferring debt payments--N.Z.), which will undoubtedly influence the degree of independence in the implementation of domestic policy."** As a result of the high level of debt servicing the need to attract loan resources from outside will continue, despite the forecast positive trade balance, and for this reason the foreign debt volume will by 1990 have more than doubled compared with 1980 and will have reached \$451 billion.

Thus a number of unfavorable factors in the next few years will, as before, determine the basic trends of Latin American economic development. Among these are the need to service the huge foreign debt; unfavorable prospects on the raw material markets; difficulties in the economy of the developed capitalist countries; an anticipated further tightening of the protectionist policy of the Western powers and their economic groupings; the pursuit under the impact of the said factors of an economic policy aimed at curbing growth, in export sectors included; unfavorable prospects for achieving specific positive results within the framework of multilateral economic negotiations; the possible growth of social and political tension.

* "The Crisis in Latin America: Present Situation and Future Outlook". Document E/CEPAL/G. 1924, Lima, 10 February 1984, p 76.

** "The Crisis in Latin America: Present Situation and Future Outlook".

The unstable economic recovery in the capitalist centers, primarily in the United States, has as yet not only not had the promised "salutory" impact on Latin American and other developing countries but has rather caused them considerable harm by virtue of the selfish policy pursued by the West. Even in the opinion of such an "orthodox" representative of capitalist economics as IMF Executive Director J. de Larosiere, "the United States' economic policy is undermining the worldwide economic recovery, making considerably more difficult the issuing of loans to countries with a high debt." SELA Permanent Secretary S. Alegrett put it even more candidly: "The United States is creating the foundations for its (economic--N.Z.) recovery on the ruins of the remaining countries. The Reagan administration is financing its huge deficit at the expense of others' accumulations."*

What constructive alternatives to the present situation does Latin America propose?

Latin American experts proceed in their forecasts primarily from a rejection of Western prescriptions for overcoming the crisis and a reevaluation of the foregoing experience of economic development. The main critical charge here is addressed to both neoliberal models and the inordinate orientation toward external growth stimuli and the selfish foreign economic policy of the Western powers.

Elements of the "rejection" in the Latin Americans' approach to the experience of their recent development carry a considerable constructive load, being oriented toward the need for the formulation of a new strategy. The increased efficiency of the economy and an increase in the growth rate, greater social justice in distribution of the fruits of growth and greater independence in the development process should be advanced, the ECLA Secretariat believes, as basic tasks for the next few years. These goals are studied in their organic unity with regard for the fact that the achievement of each of them separately will still not guarantee balanced economic and social development.

It is significant that the ECLA proposals and the decisions of the Quito conference put the emphasis on the achievement of goals of social justice. Of course, it should not be forgotten that such appeals emanate from capitalist countries and that matters do not, as a rule, go further than a recognition of the growing social problems. However, the mere fact of acute social problems being raised at the level of international discussion is symbolic: the crisis has truly brought the Latin American countries' working masses to the limit of social tolerance, and the ruling groups are endeavoring to adopt measures of containment "at the top" to avert an explosion of discontent "below".

The task of the achievement of a "reasonable level of independence (autonomy) in the development process, without which the countries (of Latin America--N.Z.) will remain completely dependent on external factors... and will not be

* CRANMA, 29 May 1984.

able to benefit from their potential advantages in international economic relations,"* is also being moved to the forefront in development strategy. It is proposed achieving the greater independence largely on the paths of the development of regional cooperation and economic relations with other developing states.

For tackling the set tasks with regard for the difficulties in the external sector and also the fact that internal factors of growth are often ignored in many countries the ECLA Secretariat proposes "in the future to give preference to the generators of growth which are connected with an expansion of the domestic market in all areas." At the same time such an approach should as far as possible be supplemented by an increase in and the diversification of exports in order that the two directions of policy be "not antagonistic but mutually complementary sources of growth." Among the instruments of economic development a most important role is assigned the state for "market forces, although capable of injecting a greater degree of efficiency in the economic system, cannot in themselves provide an answer to the complex problems of modern society, particularly in the sphere of social needs."** In connection with the need for a strengthening of the role of the state in the development process particular attention is also being paid to use of medium- and long-term planning mechanisms.

The present ECLA approach has been formulated, it is true, basically at the level of general statements, without specific recommendations which this country or the other could adopt. Furthermore, the economic policy of individual Latin American states is still based on premises of an entirely different kind (the stimulation of private enterprise and foreign investments, reliance on the recommendations of neoliberal models and so forth). This also needs to be taken into consideration when forecasting the economic development of individual countries and the region as a whole.

It is also obvious that efforts to surmount the crisis, even in the event of success being achieved in individual areas, will by no means bring with them automatically solutions of the internal socioeconomic problems, which have become chronic: the poverty of huge masses of the population and the profound injustice in income distribution, unemployment, inflation and the majority of the population's lack of normal housing conditions and access to education and medical assistance. These problems, which are engendered by capitalist development and intensified by the present crisis state of the foreign economic sphere, do not, we believe, have an effective solution within the framework of the development models which have become firmly established in the countries in question. A change of these models in the interests of the working masses and the achievement of greater social justice is becoming for the peoples of the Latin American countries a most important task.

L. Klochkovskiy (USSR Academy of Sciences Institute of Latin America): It is evidently logical that the economic crisis in Latin America and its manifold manifestations in various spheres of the region's social life are at the center of our discussion. This is now undoubtedly the most important question

* E. Iglesias, Op. cit., p 30.

** E. Iglesias, Op. cit., pp 34, 37.

since without an in-depth analysis of its sources and nature neither a correct understanding of the present situation nor an evaluation of development prospects are possible.

A principal lesson of the crisis is that it has clearly illuminated the region's real place in the modern world and clearly shown its membership of the world of developing countries which occupy a subordinate and unequal position in the world capitalist economy and which are the object of growing imperialist exploitation. The crisis has stressed the great community of interests of Latin America and the entire developing world and the urgent need for a strengthening of the unity and cohesion of the Latin American states and the expansion of their cooperation with other emergent countries as an important prerequisite of the surmounting of crisis phenomena.

In Latin America the crisis has been manifested more acutely than in the centers of capitalism and in more severe form than in many other parts of the developing world. What are the reasons for this? It would seem that an explanation should be sought primarily in the particular features and nature of the region's economic dependence on imperialism for the external dependence factor played a decisive part in the unfolding of the crisis.

It is well known that the preceding period was marked by a certain acceleration of capitalist development in many countries of the region, a pronounced growth of their economic potential and changes in the structure of the production forces. However, these processes were of a deeply contradictory nature. The main thing was that, despite the stimulation of the anti-imperialist struggle of the Latin American states, their economic growth was not accompanied by adequate progress along the path toward economic independence. International monopoly capital was able to a considerable extent to preserve and in individual sectors to expand its positions. The imperialist powers and their monopolies made the decisive gamble on the implantation and stimulation of new forms of dependence and their effective use in their own interests. They aspired to bring under control the main economic processes which were under way in the region (import-substituting industrialization, regional economic integration and others), actively pulled the Latin American countries into the "new international division of labor" and created a system of levers of powerful economic influence.

Having become extensively involved in implementation of the policy of import-substituting industrialization, the TNC were able to emasculate the actual content of this process to a considerable extent. The enterprises and entire sectors created with their participation found themselves most strongly dependent on imports of raw material, fuel, semimanufactures, machinery and equipment. The "savings effect" of import-substituting industrialization was thus reduced to nothing to a considerable extent. Despite the partial reduction in imports of industrial and consumer goods, the import requirements of the region as a whole increased, and this dependence on the world capitalist market not only did not abate but, on the contrary, grew.

A strong new lever in the hands of the TNC was technological dependence. During the building of industrial enterprises the TNC were oriented toward the use of foreign technology, which predetermined an increase in imports and contributed to an appreciable growth of spending on the payment for technical assistance, industrial experience, patents, trademarks and the services of Western specialists.

A sharp increase in financial dependence showed in the latter half of the 1970's and at the start of the 1980's. It has now become the central element of the modernized system of the region's economic dependence on imperialism. The inception of this form of dependence was determined by the action of both internal and external factors. It was a consequence of the policy of the ruling classes, which endeavored at any price to avoid the implementation of urgent radical socioeconomic transformations and substitute for them various palliatives. In particular, the Latin American countries' ruling circles attempted to compensate for the refusal to implement the said transformations and the impossibility of solving certain key national economic problems (like the low norm of accumulation, the narrowness of the home market and the delayed development of individual sectors) thanks to the more extensive use of foreign sources of financing, an increase in purchases on the foreign market of goods in short supply (foodstuffs, for example) and the acceleration of the export of commodities (industrial products particularly) not finding a market on the home front.

At the same time a significant, if not decisive, part in the country's increased financial dependence was played by the far-reaching calculations of the policy of the Western powers and their monopolies. Imperialism aspired to entangle the region in a system of stringent financial obligations. For this purpose the United States and other developed capitalist states blocked the Latin American countries' efforts aimed at gaining broader access to sources of relatively favorable state extension of credit. The concept of a "special approach" to the solution of problems of the region's financing was set in motion, in accordance with which it was proclaimed that the Latin American countries, as the economically most developed, should satisfy their loan capital requirements through private credit. The volume of state financing was strictly limited. The private banks became the main creditor: on the eve and at the outset of the 1980's they accounted for 88 percent of the loan capital obtained by the Latin American countries, whereas in the 1960's these banks' share of external financing constituted approximately 30 percent.

A direct consequence of this approach was the sharp deterioration in the terms of financing (a rise in the level of interest rates and a reduction in the time allowed to pay off the credit), which combined with the increase in general foreign economic difficulties led to an abrupt growth of the foreign debt of the region's states. Whereas in 1970 it had constituted \$20.8 billion and \$89 billion in 1975, in 1980 it had risen to \$221 billion, in 1983 it was in excess of \$341 billion and at the end of 1984 it had exceeded \$360 billion. The sharp growth of the debt and the granting of credit on extremely stringent terms complicated to the maximum the problem of paying off the foreign debt. Expenditure for this purpose, which constituted approximately \$15 billion in 1976, increased to \$42 billion in 1980 and in the period 1982-1983 had reached \$60-65 billion annually.

A decisive role in the intensification of the said forms of dependence was performed by the Latin American countries' turn in the mid-1970's toward monetarist concepts. Arguing the need for a transition to the "open economy" model, Western ideologists referred to the fact that many of the region's states had reached a qualitatively new level, had torn themselves away from the developing world and are increasingly approaching the developed capitalist states in terms of their economic structure. It was recommended in this connection that they abandon the principles of policy which had been pursued by the majority of countries since the war (primarily the policy of import-substituting industrialization and active protection of the home market and also the policy of the utmost stimulation of regional economic cooperation) and adopt a policy of the liberalization of foreign trade and the encouragement of competition on the national market, the extensive use of external sources of financing, a winding down of the state's regulating activity and the granting of foreign capital greater freedom of action.

In the situation of the growth of economic disorders the imperialist powers and their monopolies took advantage of the new forms of dependence combined with traditional methods to "transfer" the crisis to the periphery of the world capitalist economy (to Latin America included). In other words, to alleviate their own difficulties thanks to a shifting of the burden thereof onto the peoples of the developing countries. It would seem that this factor determined to a decisive extent the seriousness and total nature of the economic crisis in the region.

In evaluating the results of the crisis it should be acknowledged that Latin America was not only driven back in its economic development but also weakened in the face of the growing pressure of the Western powers. It had to partly yield some positions which it had won. Imperialism achieved a certain winding down of the state sector in the local economy, halted to a considerable extent the process of diversification of foreign economic relations (particularly thanks to a limitation of regional cooperation) and prompted the Latin American states to consent to new concessions to foreign private capital. The marked decline in the assertiveness of the countries of the region in the developing states' struggle for a reorganization of international economic relations is also noticeable.

What are the prospects for the development of the region's economy?

Of course, despite all the complexity and uncertainty of the current situation, the opportunities which the Latin American countries possess for economic development (the further growth of capitalism in breadth and depth, the broadening of regional cooperation, foreign capital's considerable interest in exploiting the region's natural and labor resources and others) should evidently not be underestimated. However, there is no doubt that both in the next few years and in the more distant future Latin America will have to confront considerably more complex internal and external conditions complicating economic progress and exacerbating the broad set of domestic contradictions. A decisive influence on the region's socioeconomic evolution will be exerted by the confrontation of the two basic trends: on the one hand imperialism's policy of keeping the Latin American countries in the position of

dependent and exploited link of the world capitalist economy, on the other, the endeavor of the national patriotic forces to ease their countries' economic dependence on the leading imperialist powers, strengthen the foundations of the national economies and ensure the possibilities for their accelerated development.

It should be recalled that in the latter half of the 1960's and the 1970's the Latin American states exerted much effort to stimulate the struggle for the consolidation of political independence and economic liberation. A nationalization of foreign property of quite significant scale was carried out in the region. The Latin American countries took steps aimed at the development of the processes of economic integration and the expansion of regional political and economic cooperation and also the strengthening of relations with other developing states. Latin America's role in the movement for a reorganization of international economic relations grew. A trend toward greater independence and elimination of the one-sided dependence on imperialism (primarily of the United States) was manifested in the foreign economic policy of many countries, which led to a certain diversification of foreign economic relations and contributed to the strengthening of political and economic cooperation with the socialist states.

For its part, imperialism attempted persistently and not without success in individual sectors to counteract these processes. Its strategic line at the current stage is aimed at turning back the development of events, having taken advantage of the Latin American countries' difficulties (primarily the acute economic crisis): restoring and increasing its economic control over the region and achieving if not the elimination, then a weakening of the trends contributing to the strengthening of the Latin American states' political and economic independence.

The main lever of imperialism's pressure at the current stage is the credit-finance lever. The huge foreign debt and the need for annual astronomical payments to pay it off are putting the Latin American countries in a highly vulnerable position. The West's approach to the debt problem is characterized by two features: first, a policy of imposing on them the maximally stringent financing terms in order not only to prevent an easing of the currency-finance difficulties but also make them a permanent factor firmly tying the region to the system of imperialism; second, an endeavor to force the Latin American states to consent to a fundamental revision of their economic policy.

Under the conditions of the crisis situation currently being experienced by Latin America imperialism's opportunities for putting economic pressure on many countries have expanded as a whole. It may be assumed that in the immediate and more distant future monopoly capital will attempt to make more intensive use in its own interests of the new forms of dependence. At the same time something else is obvious also. The West's increasing economic pressure is engendering in Latin America the growing discontent and opposition of the broad people's masses. Despite all their inclination to compromise with the developed capitalist states, the ruling circles of the Latin American countries cannot fail to heed this factor. A policy of resisting the pressure of imperialism and defending national interests will evidently be an important component of the foreign policy of the majority of the region's states.

K. Obyden (CPSU Central Committee Academy of Social Sciences): In order to correctly understand the essence of the new stage in the development of the Latin American countries it is first of all necessary to have a sufficiently clear idea of the basic features and singularities of the development of these countries in preceding periods, that is, to take as the basis a more or less integral concept of the historical and revolutionary process in the region. Without this it is impossible to elucidate the specific features of the ensuing stage and that which is new which it is introducing compared with the past. In this case the situation is complicated by the fact that Soviet Latin America scholars do not have a uniform concept. And the differences begin, moreover, when we attempt to define the initial positions and, particularly, the start of the genesis of Latin American capitalism and also the period of its establishment as the predominant production mode. This, naturally, conditions different ideas concerning the present-day level and nature of capitalist development also.

Thus the supporters of the "dependent capitalism theory" believe, and this has been reflected in the course of the discussion itself, that the period of the formation of the bourgeois society in Latin American countries pertained to the time of the capitalist world's entry into the era of imperialism and the unfolding of the general crisis of capitalism. But the establishment of capitalism here as the predominant system of relations occurred in the atmosphere of the scientific-technical revolution. It is emphasized here that the implantation from outside of "overripe" structures began at an early stage. Whence the conclusion that the classical logic of the natural-historical movement of capitalism was disturbed and that the latter has in general not passed through in Latin America the stage of free competition.

For a long time the supporters of the "dependent capitalism theory" showed that the latter cannot grow into the monopoly stage inasmuch as it allegedly reproduces on an expanded scale backwardness and dependence. However, recently they have in fact acknowledged the monopoly nature of Latin American capitalism and even the development of state-monopoly trends, but not as a result of its intrinsic development but as a consequence of the transplanting from outside of "overripe" structures, primarily the "transnationalization" process.

However, there are other viewpoints also. In particular, the view according to which the start of the genesis of capitalism, including original accumulation in Spanish-Portuguese America, pertains to the colonial period, by virtue of which the liberation struggle of the peoples of the Spanish colonies in the first quarter of the 19th century is viewed as the first stage of the bourgeois revolution, is widespread. The supporters of this concept believe that capitalism in the countries in question passed through the basic stages inherent in its development in general, albeit in many respects highly distinctively, and that it became firmly established here in the final quarter of the 19th century. The process of its growth into the monopoly stage, furthermore, was conditioned primarily by internal factors--the very early concentration and centralization of production, capital and manpower (the first monopolies here appeared roughly at the same time as in the majority of European countries), although a considerable role was undoubtedly performed here by foreign capital also.

Other concepts of the development of capitalism in Latin America differing from the above-mentioned two views in different components and particularities are encountered also. Whence, naturally, the differing comprehension of the essence of the processes, including contradictions, of the current, "new" stage in the region's socioeconomic and political development.

To collate the pronouncements of the theorists of "dependent capitalism," they essentially consider the main singularity of the current stage the fact that the "modernization" of Latin American capitalism based on "transnationalization" has, as the recent crisis has shown, exhausted itself. The basic contradiction is seen in the confrontation of two different forces: some aspire to preserve the "transnationalization model," others advocate the development of "national" capitalism.

However, what kind of "national" capitalism in Latin America could there be? Free-competition capitalism developing in line of ascent and capable of tackling national tasks of overcoming backwardness and dependence and a rise in the population's living standard? Or monopoly capitalism, decaying and moving in line of descent, characterized, in V.I. Lenin's words, by "reaction all along the line"?

The supporters of the "dependent capitalism theory" acknowledge, as already mentioned, that Latin American capitalism has entered the monopoly stage, however, they link monopoly capitalism here basically with the "transnational sector," which creates the illusion that a "national" capitalism proper is still capable of developing along a progressive path and that some "national" bourgeoisie still exists in Latin America capable of conducting a consistent anti-imperialist struggle and championing national interests. Although this thought is not expressed directly, it is at the basis of their constructions. And it is this, obviously, which can explain the fact that the adherents to the said concept, having concentrated their efforts on a study of the "transnationalization" process, do not pay due attention to an analysis of Latin American monopoly capitalism itself. As a result a quite one-sided picture is obtained preventing disclosure of the true mechanism of the dependence and plunder of Latin America by international finance capital.

Much is rightly written in the works of the supporters of this concept about the fact that a most important reason for the lagging of the Latin American states is their plunder by imperialist monopolies by way of the export of the profits of their affiliates and by means of unequal trade, the "price scissors" and high interest on loans which have been granted. However, all these facts, important in themselves, cannot fully explain the reasons for the difficulties being experienced by the Latin American countries, including the sharp decline in recent years in their economic development rate.

It is sufficient to adduce the example of such states as Mexico, Venezuela and Ecuador--major oil exporters--which obtained as a result of the high oil prices in the 1970's--start of the 1980's huge profits (the same may be said in respect of Colombia and a number of other countries exporting coffee), which would have sufficed them with interest for the successful development of the economy if they had been really channeled toward this purpose. The said states had virtually no need for any foreign loans. Nonetheless their foreign

debt grew to gigantic proportions. Mexico alone owed up to \$90 billion, Venezuela \$37 billion, Colombia \$12 billion and Ecuador \$6.7 billion. Furthermore, although these countries have achieved certain successes in the development of their industry, they have not only been unable to surmount the barrier of backwardness and dependence in any way noticeable to improve the position of the working masses but, like all the other Latin American states, are currently experiencing the profoundest crisis encompassing not only the economy but the political and social spheres also.

The question arises as to where the gigantic sums obtained from the export of costly raw material have gone. The answer is provided to a certain extent by an analysis of certain very important phenomena in the life of the countries of the region which either escape the attention of the experts altogether or are interpreted one-sidedly. One such phenomenon is expressed in the fact that the export of local capital has assumed huge proportions in recent years. And it has often been far in excess, moreover, of the volume of profits exported by the foreign companies. Thus according to data of the Mexican economist V.B. (Saagun), from 1974 through 1983 profits on the capital exported from Mexico by foreign investors constituted \$15.1 billion and as a whole the activity of the foreign monopolies led to an outflow from the country in the past decade of more than \$24.5 billion. In September 1982 L. Portillo, then president of Mexico, declared that in the last 2 years alone Mexican capitalists had exported \$22 billion from the country. To this we should add the \$17 billion which local businessmen paid for the real estate which they acquired abroad and which is mortgaged there. The president emphasized in this connection: "I venture to assert that in this period, at the urging and with the assistance of the private banks, more money was exported from the country than was pumped out of it by the empires which exploited us from the very start of our history." According to him, in the last 3 years alone local capitalists have acquired in the United States real estate for a sum total in excess of all American capital investments in Mexico."*

A similar picture has been observed in practically all Latin American countries. In 5 years \$37 billion belonging to private capital "fled" Venezuela. Bolivian businessmen have in recent years exported \$1.2 billion, and this given \$4 billion of foreign debt. In Chile, whose foreign debt has risen to \$20 billion, representatives of the (Vial', Krusat) and other financial clans have invested \$7 billion in foreign banks. The flow of currency out of Guatemala in the period 1979-1981 was over \$1 billion. Altogether, according to data of the American Manufacturers Hannover Trust, in the past 4 years \$100 billion have thus been "drained" from Latin America. According to other data, in September 1982 even this amount constituted \$150 billion.

On the other hand, the problem of Latin America's foreign debt is far from as simple as is frequently portrayed in economic literature. A very considerable, if not greater, part of the foreign debt is not the result of loans obtained for the development of production but a consequence of financial, purely speculative mechanisms. According to a statement of the Argentine economics minister, of the country's foreign debt of \$41 billion, \$22.3 billion represent "totally unjustified expenditure". Of Brazil's foreign debt

* CRANMA, 2 September 1982; 26 September 1982.

of \$100 billion, according to an investigation conducted there, only 15 percent corresponds to loans which were really obtained, the rest is the result of an increase in the interest rate and other financial machinations.

What does all this mean? It testifies primarily that international finance capital has to a considerable extent changed the form of exploitation of the Latin American countries. Whereas earlier the foreign monopolies invested capital in the production sectors--industry, agriculture--and also in services and so forth and credit moved mainly along government channels, following the installation of dictatorial regimes in many Latin American countries in the 1970's financial resources came to be granted mainly by private banks and via private Latin American banks. The latter, however, were in no hurry to channel the incoming capital into the granting of credit for production and used it for various speculative machinations, including transfers as their own capital to foreign banks, forcing the state to pay off the debts at the taxpayers' expense. As the leftwing Mexican newspaper ASI ES observed, "Mexico has gotten into debt to finance the mass flight of capital which the country experienced in the period of the oil boom and prior to the August crisis of 1982."*

Second, this means that the local financial oligarchy, which has taken shape and captured the dominating positions in the economy and policy of Latin American countries and which has merged with international capital and is exploiting the peoples of its own countries together with it, has become a most important component of the imperialist mechanism of plunder. Here is an eloquent example. The Mexican president's annual (1983) report observed that under the conditions of the most severe crisis which had enveloped the country and the colossal foreign debt the 93 most imposing companies on the stock exchange, which undertake 80 percent of all stock sales, increased their profits from 6.7 billion pesos in the first quarter of 1982 to 17.7 billion in the corresponding period of 1983. As the progressive Uruguayan economist E. Viera emphasized, the "liberal" economic policy of the Chicago School, which has been implanted persistently by imperialism in Latin America, "also corresponds to the interests of the monopoly circles of the bourgeoisie of these countries... and these circles are thirsting to be integrated even further in the international capital market."**

All this testifies that "transnationalization" represents by no means a one-sided process of subordination of the economy of the Latin American countries by the TNC but is based on a very solid foundation in the form of developed local finance capital, which has merged and interwoven closely with international finance capital, having become the latter's main social base in the region. It is not fortuitous that documents of Latin American companies observe that from the external enemy imperialism has to a considerable extent become the enemy within. This corresponds in full to the process of the internationalization and cosmopolitanization of finance capital about which V.I. Lenin wrote and which in the modern era has assumed a particularly extensive nature.

* ASI ES, 30 April 1984.

** ESTUDIOS No 86, 1983, p 78.

Under the conditions, however, of countries like the Latin American countries the development of capital is characterized by the fact that local monopoly capital is distinguished by particular parasitism and reactionary spirit. As the Chilean communists emphasize, "this is not an ascending 'progressive' capitalism which ...is breaking down and overcoming feudal structures and opening the way to the development of the production forces. It is a question of a parasitical, decomposing capitalism subordinate to the TNC and which for this reason is in the historical plane not progressive but ultra-reactionary."*

Only certain facts confirming this thought have been adduced here. But this problem merits the most thorough elaboration since without an ascertainment of the singularities of the development of capitalism in the modern era in such countries, which, we believe, it is correct to characterize as mid-level capitalist countries, the scientifically substantiated strategy and tactics of revolutionary struggle cannot be formulated. For example, particularly pertinent currently is the question of whether a development of capitalism in Latin America which would contribute to a certain extent to the accomplishment of the fundamental national economic tasks confronting the peoples of these countries is still possible. In particular, will the bourgeois-liberal governments which are currently coming to replace dictatorial regimes be able to defend national interests and deliver their countries from plunder on the part of international finance capital?

It should be emphasized in this connection that the transition of Latin American capitalism to the monopoly stage by no means signifies that free-competition capitalism and the bourgeoisie which represents its strata, whose interests are undoubtedly being infringed by both foreign and local finance capital, no longer exists here. V.I. Lenin emphasized that "nowhere in the world has monopoly capitalism existed without free competition in a whole number of sectors and will not exist.... Whereas Marx said of the manufactory that it was a superstructure on top of mass petty production, imperialism and finance capitalism are the superstructure on top of the old capitalism"*** (for this reason, incidentally, the assertion that Latin American capitalism has not passed through the free-competition stage is theoretically groundless). However, will these nonmonopoly circles of the bourgeoisie be able to "return" the development of capitalism to a "progressive" channel? It is highly doubtful. Primarily because they are incapable of ousting the power of finance capital, indeed, do not set themselves such a goal.

For this reason, for example, the Chilean communists believe that capitalism "has reached the stage in Chile where its parasitism and its impeding of the development of the production forces in connection with the high level of monopoly concentration and the domination of national and transnational finance capital have attained such a degree that the country objectively requires profound transformations and that in the future they will be incompatible with the framework of the system."*** This does not mean that

* PC DE CHILE. BOLETIN DEL EXTERIOR No 67, 1984, pp 82-83.

** V.I. Lenin, "Complete Works," vol 38, p 154.

*** PC DE CHILE. BOLETIN DEL EXTERIOR No 67, 1984, p 82.

the Latin American peoples are confronted as an immediate task by that of socialist revolution. However, the struggle merely against imperialism and latifundism can no longer ensure victory for the revolution and progressive development if the domination of monopoly capital and the financial oligarchy is not eliminated simultaneously. "Revolution in the Latin American countries," R. Arismendi, first secretary of the Uruguayan CP Central Committee wrote, "brings together from the very outset anti-imperialist, antilatifundist and democratic tasks and anticapitalist, antimonopoly tasks. It opposes the strata of the haute bourgeoisie which cooperate closely with imperialism and finance capital."*

Thus Latin American society as a whole, both in the past and at the new stage, is characterized not by some one contradiction but by a system of contradictions, which are interconnected with one another and have a certain subordination. The question currently is to distinguish the basic contradiction, which expresses the essence of the revolutionary process developing here. For a long time the documents of the fraternal parties pointed as such to the contradiction of the peoples of this region with imperialism. However, a particular feature of the new stage is that this contradiction has acquired a dual nature in Latin America. On the one hand it is an external contradiction currently characteristic of all present-day revolutions, which are in one way or another of an anti-imperialist nature. On the other, as pointed out above, as a result of its merger with local finance capital, imperialism has become an internal force in the region. For this reason a struggle against finance capital generally--with regard, of course, for the contradictions which exist between local and foreign finance capital--is becoming an increasingly important task.

This is why such importance is attached to an extended study of the process of the development of monopoly capitalism in the Latin American countries and a rise in the role of the class struggle of the proletariat, which is becoming a decisive factor of the anti-imperialist struggle also.

V. Sheynis (USSR Academy of Sciences IMEMO): The socioeconomic problems of the Latin American countries have never seemed easily soluble, but at the start of the 1980's a new situation, in many respects more acute and difficult, took shape. The halt to economic growth, which had lasted for several years, the upward twisting of the spiral of inflation, which is continuing in many countries, and the menacing upward surge of the foreign debt have exacerbated Latin America's chronic illnesses. Former problems and those which have newly arisen have become interwoven in a tight knot, and the transition to the new situation was sudden and quite unexpected. It has become the widespread conviction that the region has entered a blind alley from which there is no way out within the framework of the previous "development paradigm". Yet in order to assess the significance of the current situation it has to be put in a historical and worldwide context.

* "Marxism-Leninism on the Dialectics of Revolution and Counterrevolution," Moscow, 1984, p 272.

Examining the course of events in Latin America at a respectable historical distance, I would like to put the emphasis where it is not usually put: we were for a long time inclined rather to underestimate than exaggerate economic growth and its consequences. Yet the growth rate on the scale of the region invariably grew from decade to decade right up to the mid-1970's. The average annual increase in the gross domestic product in the period 1950-1960 constituted 5.1 percent, in 1960-1970 some 5.8 percent and in 1970-1975 some 6.5 percent. True, a certain deceleration showed in the latter half of the 1970's (5.2 percent in 1975-1980), but as a whole the gross product here grew more than fivefold in the three postwar decades. According to my calculation, Latin America accounted for 39 percent of the entire increase in the developing world's gross domestic product in the period 1950-1980 when computed in 1975 prices and 45 percent in 1970 prices, whereas its share of the population was not more than 15-16 percent.

Economic growth in the region was, of course, uneven from the sectorial, territorial and social angles. It is sufficient to say that only in 12 (of the 41) states was the per capita gross domestic product growth rate in the period 1950-1980 above the average for the developing world. True, among the countries which improved comparative indicators were such giants as Mexico and Brazil, while other states--Argentina, Uruguay and Venezuela--in whose indicators there was a relative deterioration, occupy, as before, in terms of value of per capita gross domestic product the first places in the list of developing countries. At the same time their distance from the bulk of these countries was reduced somewhat.

Although the economic growth did not bring about the solution of a whole number of historically accumulated social problems, and some of them were exacerbated and intensified even, it cannot be evaluated only in terms of what it did not provide.

It has to be seen that the prolonged growth made it possible to undertake appreciable economic modernization in many countries and led to profound changes in the structure of both the economy and society. Whereas in 1950 agriculture accounted in Latin America's gross domestic product for 20 percent, the industrial sectors (excluding transport) 27 percent and the heavy sectors of manufacturing industry 9 percent, in 1980 these indicators constituted 10.5, 39 and 15 percent respectively. The proportion of the gainfully employed population working in agriculture in this period declined from 54 to 34 percent. Where before the war enclave, single-commodity, predominantly agrarian-raw material structures had prevailed there arose a mechanism of expanded reproduction which was rooted increasingly in local soil and which relies on an industrial base and a comparatively high norm of accumulation. The per capita product has tripled in the last 30 years, and, despite the social contrasts, it would be naive to believe that all this has gone into the pockets of the wealthy and the safes of overseas companies.

On the threshold of the 1980's the region as a whole had approached the level of production of the per capita gross product of the West Europe of the 1930's (and the most developed countries thereof of the 1950's). In terms of all the basic economic and social indicators Latin America occupies--thanks primarily to the biggest and most developed states, of course--an intermediate position

between the developed capitalist and the Afro-Asian world, gravitating to a greater extent toward the first of them and oriented by the upper and even middle strata of its society toward its standards of consumption and way of life.

In the light of all this I would like to emphatically object to the "growth without development" formula which is popular in Latin America. In reality development, that is, a sum total of profound economic and social changes, has occurred. Of what kind it has been (abridged and deformed in relation to ideal or even possible models and having intensified contradictions and antagonisms and so forth) is another matter. Nor does the more guarded assertion that economic development has outstripped social development seem fair to me. In some respects this has been the case, in others (for example, in terms of the spread of institutions of education and health care, urbanization, increased life expectancy and so forth) the contrary. The main thing, however, is that by the start of the 1980's Latin America had become in the socioeconomic, political and cultural respects largely different from what it was by the end of WWII. Not only quantitative but also qualitative shifts had occurred. Not only was five times as much being produced, society and its goals and expectations had become different.

All this partly explains the seriousness of the shock connected with the absolute decline in production in many countries (including Brazil, Mexico, Venezuela, Argentina, Chile and others), the zero growth on a regional scale (0.4 percent on average in the period 1980-1983 according to UN data) and the relatively modest forecast of economic recovery for the current time period (3 percent in 1984-1985). Latin America (or, at least, many of the states thereof which have called the tune in the region) had grown "accustomed" to a high growth rate--economically, socially and psychologically. The poignancy of the questions: how will the transition from one set of conditions of economic growth to another be reflected is natural (the more so in that an obvious deterioration in a number of important positions of the Latin American countries in the world capitalist economy has occurred in parallel). How prolonged will the new stage be? Are there radical means with which the high rate may be restored and Latin America's place in the international division of labor rapidly changed? The fire of criticism is shifting increasingly emphatically to the "development on credit," which brought about the flareup of the debt crisis, the liberalization of the access of foreign capital and the TNC and TNB, with whose activity the increased outflow of resources is connected, and the recommendations of the Chicago School.

Of course, the continuing exploitation of the Latin American countries on the part of imperialism and the selfish actions of the TNC, as, equally, the complaisant attitude of many of these countries' governments toward outside pressure--these are facts which have to be taken into consideration. The problem, however, is that the economic situation in Latin America and the possible paths of a way out may only be evaluated comprehensively with regard for the objective trends which profile the appearance of the capitalism of the 1980's.

A reflection of the "neoconservative wave" in the West is discerned, and generally correctly, in the recommendations of the Chicago School. This "wave" undoubtedly expresses the reactionary aspirations of the ruling class in economic and, particularly, social policy. But this is not all there is to it. Even less should there be talk of an abandonment of state-monopoly capitalism and a dismantling of the mechanisms of state economic regulation as such.

The crisis of certain forms of state-monopoly capitalism which had taken shape in the first postwar decades showed through in the 1970's and has now developed. The thought has been expressed in our discussion that the current situation in Latin America should be viewed through the prism not only of a recurrent cyclical crisis, which brought to an end the short-term upturn of the latter half of the 1970's, but also of long-term structural shifts in the general conditions of reproduction, equipment and technology and also, I would add, of periodic reorganizations in the economic mechanism. K. Marx's important pronouncements concerning the alternation of periods of a relatively accelerated and decelerated growth rate of the capitalist economy are being perused all over again, as it were, in the light of accumulated historical experience. The causes of the slowing of growth under the conditions of the capitalism of the 1970's-start of the 1980's are connected with the uneven movement of scientific-technical progress, the dynamics of the replacement of different elements of fixed capital, a lowering of the profit norm and so forth.

It should be recalled that it is not the first time that the problem of prolonged differences in economic conditions has been raised among us. A number of propositions of the given concept has been seriously criticized, and some objections--this has to be acknowledged--have quite impressive grounds. As a whole the question is quite complex, and only an extended study based on substantial historical-economic statistics and the modern set of instruments of Marxist methodology can provide for it a more or less convincing answer. I would not like to formulate here a categorical position on this contentious issue. We do not yet have sufficient grounds to accept or reject this hypothesis, which merits further discussion and the most serious verification.

Returning to the theme of the crisis of certain forms of state-monopoly capitalism, I would like to draw attention to the fact that "Reaganomics" and "Thatcherism" and the IMF demands addressed to the developing countries are nothing other than attempts to find a way out of the crisis and change the combinations which took shape earlier between spontaneous-market and centralizing regulators of the economy and direct and indirect methods of state intervention in reproduction. However crude and sometimes socially harmful the forms such attempts have assumed, it is essential to separate a political epidemic from an adjustment of the economic mechanism corresponding to the objective conditions of present-day state-monopoly capitalism. All this, and not only the influence of M. Friedman and his colleagues, needs to be seen when it is a question of the practice of neoliberalism in Latin American countries, where the activity of the state and the state sector has not always been, to put it mildly, effective economically and socially. For this reason, we believe, V. Davydov is absolutely right to say that Latin America will hardly return to the dirigiste principles, neo-Keynesian recommendations and protectionist and reformist precepts of the Cepalistas of the 1950's-1960's.

"Transnationalization" should also be put in a world context. The changes in the structure of international monopoly capital, the rise of the TNC and the gathering together under their control of most important sectors of economic activity are the natural result of two processes: the deepening of the international division of labor and the concentration of production and capital. As a result forces are taking shape in the form of the biggest TNC commensurate with national states and capable of challenging the existing mechanisms of economic regulation at state level. These processes have unfolded primarily in the centers of world capitalism; nor have they circumvented--on the contrary, they have picked out--the most developed region of the developing world. The first five countries in terms of the value of the sum total of direct private investments accumulated as of 1978 included three Latin American countries: Brazil, Mexico and Venezuela, and the first 10 also included Argentina and Panama. Preference was given Latin America in the crisis years also: in 1981 in the total influx of all private capital on the periphery of the world capitalist economy first place was occupied by Brazil, second by Mexico, fourth by Argentina, sixth by Chile and eighth by Panama.

It has to be considered that the present-day TNC together with the imperialist states and their integration groupings represent in the world capitalist economy, which was never monocentric in the true sense, new forms of polycentrism. Their competition and struggle for the most profitable spheres in the developing world of capital investment is affording the Latin American countries certain opportunities for maneuver. It is appropriate to recall in this connection the thought expressed by V.I. Lenin in 1915: "There is no doubt that development is proceeding in a direction toward a single worldwide trust absorbing all enterprises without exception and all states without exception." However, V.I. Lenin emphasized, under capitalism this final point is unattainable: "unfailingly before matters have reached the point of a single worldwide trust, before the 'ultra-imperialist' worldwide amalgamation of national finance capital, imperialism will inevitably have to have broken up and capitalism will have turned into its opposite."*

Historical experience has confirmed that both centripetal and centrifugal forces continue to operate in the socioeconomic system of capitalism. It seems to me that in our theoretical constructions the "imperialism--Latin America" opposition is at times of an unduly dichotomic nature and does not take into account to the proper extent the profound contradictions and conflict of interest both between developed capitalist states (and now the TNC economic "empires" also) and within the Latin American societies. It is essential to see in "transnationalization" (to use this, in my view, not very successful term) not simply the latest campaign of cosmopolitanly impersonal capitalism seeking to conquer Latin America once again but a new stage in the reorganization of the structure of international finance capital, which incorporates also the formation of new components, with their particular interests and contradictions.

A key feature of present-day reality is the ongoing (or, at least, projected) embarkation of the scientific-technical revolution on a new phase and the next leap forward in technology and the techniques and organization of

* V.I. Lenin, "Complete Works," vol 27, p 98.

production with all the social consequences ensuing from this. Microelectronics, biotechnology, information science and so forth will evidently become in the not too distant future very important components not only of production systems but also of the entire way of life.

The crisis has illuminated, L. Klochkovskiy says, Latin America's membership of the developing world. No one has disputed this membership, particularly of the less developed countries of the region. But if the crisis has "illuminated" anything, it is primarily its membership of the world capitalist economy with the cataclysms which shake it periodically and the particular place which belongs to it both in this economy and in the developing world. For the nature of the problems and their hierarchy and possible ways of solution here are largely different from those of the majority of Afro-Asian countries.

There is, of course, the path taken by Cuba and on which, evidently, Nicaragua is embarking. But if a country remains within the framework of the world capitalist economy--and this is true for the majority of Latin American states--I am skeptical about the possibility of a radical change in the "development paradigm" which was current until the crisis (although I do not deny, of course, the possibility and desirability of certain adjustments being made to it).

Some of our colleagues assert that the possibilities of the former path of capitalist modernization have already been exhausted and see the way out in the surmounting of the domination of the structures created by the TNC and the TNB. Not to mention the fact that an adequate delineation has not been made here between the desirable, the probable and the actual, virtually every word of this proposition raises questions.

First, is it possible to speak of the domination (even more, as is sometimes asserted, of the omnipotence) of the TNC, their agents and their structures in Latin America? Or, more correctly, to see mobile forms of the division of economic and political power between groups of owners, local and foreign?

Second, it is not clear what structures are implied. If it is a question of authoritarian political regimes, which are currently quitting the scene one after the other or undergoing a crisis, is it legitimate to synonymously link them with the interests and activity of the TNC? Nationalist regimes also have turned frequently to authoritarianism, and it is not fortuitous that certain Latin American communist parties are raising the question of "right-authoritarian anti-imperialism". In a number of cases (Chile in 1973 being the most characteristic example) the TNC have indeed contributed to the transition from democratic regimes to dictatorships of the right, but there are also other methods in their arsenal of securing their interests in the developing countries.

Third, if what is meant is a certain orientation of economic and social development toward an "exit" of the historical process, it is far from only foreign capital with its own interests which stands at the "entrance" thereof.

Finally, it would not appear proven that the possibilities connected with the attraction of TNC are exhausted in Latin America. In order to break with them completely it would be necessary to find alternative sources of technology and financial resources. "Exhausted," evidently, at the present stage are the possibilities of building up the foreign debt at the rate observed in the precrisis years. But it is most likely that this will entail a broadening of foreign capital's access in another form--private investments.

The upheavals of the crisis, the transition to decelerated economic growth and the exacerbation of social problems are urging on Latin American scholars and politicians toward a search for what is regarded here as a new strategy. The basic tasks formulated by the ECLA Secretariat for the coming years have already been adduced in our discussion. There is hardly anything that could be found in objection to the formulation of such goals, although they are not that new. The thorough analysis of the emergent countries' development strategies throughout the postwar period contained in the recently published IMEMO monograph,* it seems to me, showed perfectly convincingly that, despite all the evolutions, the strategic documents at the level of the formulation of basic goals are distinguished by exceptional constancy and that the said goals have always been roughly the same. This testifies, of course, to the stability of certain fundamental external and internal conditions under which the developing countries have had and now have to elaborate strategy. It cannot be said that nothing has been achieved in decades in the given areas, but at each stage the same tasks have been posed all over again. The problem, however, is not so much the choice of goals as the paths by which it will be attempted to achieve them and what possibilities and limitations exist here.

The majority of forecasters agrees that in the latter half of the 1980's, as conditions in the centers of the world capitalist economy recover, the economic growth rate in Latin America will grow, although will not attain the indicators of the preceding period.

The breakdown in economic development, consequently, is connected with the incorporation of the countries of the continent in the world capitalist economy and with the "excessiveness" of their attachment to its cycles, and there are certain grounds for such a conclusion. But another reason has to be seen also: of the three most dynamic zones accounting for the predominant part of the postwar increase in gross domestic product in the developing world: the oil exporters and the Latin American and East Asian "new industrial states," the crisis has struck the first two and affected considerably less the third, which is no less involved in foreign relations.

In any event, the reasons for the breakdown should be sought not only without but also within. The trouble, I believe, is not the "hypertrophy of the foreign sector": the majority of indicators (primarily the export and import coefficients) are quite modest and are inferior to the corresponding indicators of the developed countries. And not the attraction of foreign resources (although, probably, the turning to foreign credit in the period of high business conditions was not entirely circumspect in terms of the scale thereof) but the fact that these resources were not managed properly.

* See "The Developing Countries: Economic Growth and Social Progress," Moscow, 1983, pp 247-296, particularly pp 256-257, 272-273.

It is quite doubtful that Latin America could have restored the high economic growth rate, having limited the export (or, as N. Zaytsev prefers to term it, import) orientation of its development and having returned to strict protectionism and import substitution (which performed their role, but from which it began to depart back in the 1960's), having convinced itself that the enlistment of foreign resources corresponds to the one-sided interests of the TNC and the TNB and is emphatically contrary to its own interests. It is even more doubtful that it is possible on this path to increase production efficiency, which depends to a decisive extent on the assimilation of world achievements of scientific-technical progress.

Discussing the question of the immediate and more distant future, it is necessary to delineate the "comprehensive" socioeconomic problems which were aggravated as a result of the crisis and which, given any course of events, require many years for their satisfactory solution and questions which should be tackled by urgent means of economic and social policy.

The debt situation, say, of the start of the 1980's is an extraordinary one which is disorganizing the production process and which requires urgent settlement since the economy cannot function for long under conditions where one-third or even one-half of the proceeds from exports go to pay off debts. It may be assumed that this question will be solved in one way or another; Bolivia, for example, has temporarily suspended payments on private credit, and Mexico and Venezuela have sought a deferment of final payment of the debt of 14 and 12½ years and a lowering of the interest to be paid. Behind these agreements, which essentially cancel a certain part of the debt, stands a certain zone of concurrence of the interests of the debtors and creditors, who fear that the economic and social situation could get out of hand.

It would appear that mainly with the help of such partial, noncardinal measures addressed both outside of and within the national economy and also on the basis of a general change in world economic conditions the Latin American countries will begin to overcome the most acute consequences of the cyclical crisis of the start of the 1980's. It will hardly be possible, however, to combine in time the emergence from this crisis with the surmounting of what Latin American economists and sociologists designate as the crisis of the social and economic structures. I would designate it somewhat differently: as a complex combination of difficult social problems of a society not in the first (second or third--this could be discussed) historical echelon of capitalist development and experiencing the strong influence of external impulses and strains.

Particular significance is attached to the social aspects of both crises, a certain "mutual overlapping" of which has been observed in recent years. The problem of social contrasts, which has long been much more acute here than in the developed capitalist countries, has recently assumed a new scale and nature. According to the data of international organizations, the number of Latin Americans living under conditions of critical poverty, which in 1972 constituted 73 million (27 percent of the population of the region), has now approached 130 million (35 percent) and by the year 2000 will have reached 170 million. Although these data are not, possibly, entirely comparable, they reflect an actual process--the appreciable deterioration in the position of great masses of people under crisis conditions. Of course, poverty "Latin

American style" is not the same as poverty "African style," where hundreds of thousands of people live under the direct threat of a hungry death. It has to be considered, however, that as the urbanization process has unfolded in Latin America, the "poverty zone" has moved from rural localities to the cities, predominantly the big centers.

The high concentration of large masses of destitute people and their location in direct proximity to the nerve centers of the economy and policy could under the conditions of an urban environment, which is intensively "enlightening" and sometimes organizing them even, have unexpected and far-reaching sociopolitical consequences. This was shown by Shi'ite Iran. Latin America belongs to a different civilization and political culture and the majority of its countries are at a different level of socioeconomic development, but stable democratic institutions and the standards of behavior characteristic of civil society have not yet taken shape here, as a rule.

Today the question of at what time and in what forms the region's emergence from the crisis will be accomplished is largely a question of the fate of the reviving democratic, parliamentary institutions and forms of social life in such countries as Argentina, Uruguay and Brazil and the direction of the further evolution of the Mexican political system on the one hand and the development of events in Chile and Paraguay on the other. I see a principal social danger of the crisis in the fact that it has reached many Latin American countries at a time when the change toward democratic regimes is evidently already historically ripe, but has not yet become irreversible. (To be continued)

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NEW CORRESPONDENT ON FEAR OF 'TECHNOLOGICAL BACKWARDNESS' IN FRG

[Editorial Report]

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5, May 1985 publishes on pages 124 through 131 a 6,000-word article by Yu. Yudanov under the rubric "Our Correspondent Abroad" and headlined "The Problem of 'Technological Backwardness' in the FRG (First Article)". The article carries the heading "The journal's new special correspondent in Bonn has begun work. We publish his first article." The article discusses the fears being expressed in the FRG that West Germany, and Western Europe as a whole, may fall behind the United States and Japan in new areas of technology, particularly computers and robotics, microelectronics and information technology, and biotechnology.

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LENINGRAD WORK ON CONTEMPORARY CAPITALISM REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5,
May 85 (signed to press 12 Apr 85) pp 148-149

[V. Pan'kov review: "State-Monopoly Capitalism--Adaptation Strategy and Its Limits"]

[Text] "It is necessary to analyze in greater depth... the latest singularities of state-monopoly capitalism....," the CPSU Central Committee June (1983) Plenum* emphasized. In the light of this important task set Soviet social scientists the publication of the book in question** would appear timely. This monograph is a logical continuation of the substantial study of present-day imperialism by A. Demin and his Leningrad colleagues, the results of which have been published in recent years.

The author emphasizes attention precisely to the latest trends of the evolution of state-monopoly capitalism (GMK). Simultaneously he touches on a number of fundamental problems of the Marxist-Leninist theory of imperialism and GMK which remain contentious in Soviet literature. He has succeeded here in imparting to the exposition of highly complex economic and sociopolitical issues a form which makes the book in question intelligible not only to specialists but also a broad readership, to which the author's extensive and adroit use of sketches, diagrams and graphs largely contributes.

A. Demin is among the economists who evaluate GMK as "a level in the development of the imperialist stage which is characterized by an intensification of the domination of the monopolies and the state's constant, manifold intervention in the economy, the reproduction of capital and the process of exploitation of wage labor in the interests of the monopoly bourgeoisie" (p 6). In his opinion GMK became such a level on the eve and at the outset of the 1950's. This concept permeates the book and is argued in detail, not always sufficiently convincingly, it is true.

* "Material of the CPSU Central Committee Plenum, 14-15 June 1983," Moscow, 1983, p 33.

** A.A. Demin, "Gosudarstvenno-monopolisticheskiy kapitalizm: problemy, tendentsii, protivorechiya. Ocherki" [State-Monopoly Capitalism: Problems, Trends, Contradictions, Essays], Leningrad, Izdatel'stvo Leningradskogo universiteta, 1983, p 151.

The classification of the basic forms and methods of GMK (Chapter I, pp 12-14) emanating from the actual structure of the production relations of present-day capitalism would appear successful. It is undoubtedly suitable for further use in scientific and educational literature. The most important features characterizing the mechanism of the combination of the power of the monopolies and the state are shown sufficiently fully. At the same time the problem of the subordination of the said features might have merited more through analysis. Thus it is difficult to agree with the author when he views categories of a varying level of abstraction ("personal union," "reproduction of social capital," for example) virtually as being of one and the same order.

The book contains (Chapter II) a comprehensive definition of the essence of monopoly capital and shows the evolution of the organizational forms of the monopolies and their place in the mechanism of GMK. In addition, comprehensive definitions of such categories as "monopoly capital," "nonmonopoly capital," "nonmonopoly sector," "monopolization" and "statization" are given.

The work discursively reveals the modern structure of finance capital and the role of the banks therein (Chapter III). This topic is particularly pertinent today, when attempts are being made in the West to reanimate the anti-Leninist concepts of finance capital (R. Gilferding, for example). The author successfully integrates the state-monopoly oligarchy concept in the system of categories of GMK and reveals its interconnection with the financial oligarchy, which makes it possible to comprehend in greater depth the driving forces of the evolution of present-day imperialism and the sources of its contradictions.

The examination in Chapter IV of questions of the periodization and typization of GMK is of undoubted interest. Having distinguished three types thereof (military-state monopoly capitalism; fascist state-monopoly capitalism and ordinary [conventional] state-monopoly capitalism), A. Demin uses this classification for an extended study of the present-day processes of the evolution of imperialism. His formulation of the problem of the choice of criteria determining the level of development of GMK is interesting in this connection, although it has not, unfortunately, been brought to the stage of elaboration of a system of specific indicators.

In recent years the Leningrad scholars have been actively studying certain topical problems of the political economy of capitalism, including the question of state-monopoly complexes. The monograph in question defines the latter as a form of realization of the essence of GMK and provides a comprehensive characterization of individual complexes (military-industrial, agrarian-industrial and others). However, the author's assertion that such complexes are a most important component of the system of production relations of present-day GMK (p 71) would seem contentious, to say the least. As follows from the work itself (see chapters II and III and the sketch on p 114), such components are rather the monopolies and finance-monopoly groups; the complexes, on the other hand, despite all their significance, occupy a certain intermediate position within the framework of GMK. Furthermore, the problem of their correlation and subordination requires additional interpretation, which would make it possible to elucidate in greater depth the reasons for the sharp increase in the role of the military-industrial complex and its fundamental differences from other complexes.

Chapter VI of the book is devoted to an examination of a problem hitherto comparatively little studied in Soviet literature--the economic mechanism of GMK. The author defines it as "the sum total of state-monopoly forms, methods and levers of influence on the capitalist economy and the reproduction process based on a limited use of economic laws and in accordance with bourgeois rules of law in the interests of monopoly capital and the financial oligarchy" (p 118). The study of this mechanism illuminates important trends in the present-day evolution of GMK and the exacerbation of the contradictions of capitalism.

Less successful are the work's final sections devoted to the correlation of the general crisis of capitalism and GMK (Chapter VII) and also structural (noncyclical) crises (Chapter VIII). They contain considerably less original material than the preceding chapters and suffer from undue sketchiness. The polemic with certain Soviet scholars, particularly in Chapter VII, does not appear, we believe, convincing.

As a whole, however, A. Demin's new book, which reveals not only many trends of the evolution of GMK but also the limits of imperialism's adaptation to the changed situation in the world, is a serious creative study. It undoubtedly deserves the attention of a broad range of economists.

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IMEMO WORK ON THEORY OF MIXED ECONOMY REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 5,
May 85 (signed to press 12 Apr 85) pp 149-151

[A. Kulikov review: "Crisis of Capitalist Apologetics"]

[Text] Scholars of the USSR Academy of Sciences IMEMO are addressing not for the first time an analysis of bourgeois political economy and its impact on state-monopoly regulation of the economy. The collective monograph in question* is devoted to a critical investigation of bourgeois and social-reformist concepts of the "mixed economy," which are counterposed to Marxist-Leninist theory of state-monopoly capitalism [GMK]. These ideological constructions occupy a special place in contemporary bourgeois socioeconomic thought. They reflect certain essential structural-functional singularities of the economics of GMK, primarily the problems of the correlation and interaction of the private and state sectors and the market mechanism and state regulation.

The book is composed of three sections: "Procedural Aspects of Analysis"; "The General and the Particular in the 'Mixed Economy' Concepts of the Developed Capitalist Countries"; and "Latest Trends in the Economy of the Developed Capitalist Countries and Bourgeois Political Economy".

As the first sections shows, the scientific principles of a critique of bourgeois political economy were laid down by K. Marx, who made an in-depth analysis of various bourgeois theories in close connection with the economic policy of individual groupings of the bourgeoisie and the methods of their class struggle against the working people.

The authors reveal the ideological sources and evolution of the "mixed economy" concepts, attributing the start of the formation of the latter to the first quarter of the 20th century. Since the time of the Great October and socialism's victory in the USSR, the work emphasizes, a most important factor of the "development" of these concepts has been the confrontation of the two social systems. "The concepts of evolutionary progress and development by a

* Kritika burzhuaiznykh teorii GMK. Problemy 'smeshannoy ekonomiki'"

[A Critique of Bourgeois Theories of State-Monopoly Capitalism. Problems of the "Mixed Economy"]. Exec. eds: Academician A.G. Mileyskiy, Doctor of Economic Sciences I.M. Osadchaya, Candidate of Economic Sciences K.B. Kozlova, Moscow, Izdatel'stvo "Nauka," 1984, p 359.

'third way' have come to be counterposed to Marxist-Leninist theory of GMK and the conclusions concerning the historical continuity of social modes of production and the revolutionary nature of the replacement of capitalism by socialism" (p 31). The "mixed economy," where the private and state sectors and market and state regulation interact, is portrayed by its supporters as a particular kind of system which on the one hand is an alternative to the "purely market" economy of capitalism and, on the other, to the centrally controlled socialist economy.

The book reveals three basic types of "mixed economy" concepts, which differ appreciably in terms of ideological-theoretical and political content: concepts of the conservative type; and liberal-reformist and social-reformist. In the first case the emphasis is put on the "protective" functions of the state. The state sector and state regulation are regarded as an enforced necessity brought about by the requirements of maintaining favorable conditions for the development of the private economy and stabilization of the existing social system. The liberal-reformist type of "mixed economy" combines a defense of capitalism with a considerable proportion of social criticism and attempts to elaborate models of an economic system which would permit the "controlled" development of capitalism, overcome its flaws and achieve social stability. In the social-reformist concepts the main attention is concentrated on a quest for paths of the gradual transformation of capitalism into some "democratic socialism" which would "optimally" combine "economic freedom" and public control, individualism and collectivism, planning and the market and centralism and decentralization.

The monograph shows how the growth of instability and the deepening of the general crisis of capitalism have led, as of the latter half of the 1970's, to the disenchantment of a certain part of the ruling class with "state activism" and to the onset of radical conservatism.

The next section of the work contains a detailed critical investigation of the ideological-theoretical and political aspects of the "mixed economy" in the example of the six leading capitalist powers (the United States, Britain, France, the FRG, Italy and Japan). The evolution of "mixed economy" concepts is viewed in close connection with the singularities of the economic basis and party-political structure, the program goals of the main political parties and the policy of the governments. This area-study approach makes it possible to separate the general and the particular in the development of GMK in the postwar period, primarily under the conditions of the current crisis of national systems of state-monopoly regulation of the economy.

The authors have concentrated attention on an analysis of the new phenomena and processes determining the development of the "mixed economy" concepts in the 1980's: in the United States it is "Reaganomics," in Britain "Thatcherism," in France F. Mitterrand's "socialist" experiment, in the FRG revision of the "social market economy" concept from right and left and in Japan the economic "exclusiveness" concept.